

6/1/77 [1]

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WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
memo w/att.	From Blumenthal to The President (5 pp.) Re: U. s. positions on issues before Conference on International Economic Cooperation / enclosed in Hutcheson to Brzezinski <u>et al</u>	5/25/77	A

FILE LOCATION

Carter Presidential Papers- Staff Offices Office of the Staff Sec. -Pres. Hand-writing File 6/1/77 [1] Box **27**

RESTRICTION CODES

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- (B) Closed by statute or by the agency which originated the document.
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Revised:
6/1/77
9:30 a.m.

THE PRESIDENT'S SCHEDULE

Wednesday - June 1, 1977

7:45 Dr. Zbigniew Brzezinski - The Oval Office.

8:15 Mr. Frank Moore - The Oval Office.

8:30 Senior Staff Meeting - The Roosevelt Room.

✓ 10:00 Swearing In Ceremony for Dr. Frank Press,
(15 min.) Director, Office of Science and Technology
Policy; Mr. Richard C. Atkinson, Director,
National Science Foundation; and Dr. Peter
Bourne, Director, Office of Drug Abuse Policy.
The Rose Garden.

10:30 Mr. Jody Powell - The Oval Office.

✓ 11:10 Drop-By/Brief Remarks at Final Meeting
(10 min.) of Consumer Representatives. (Mrs. Esther
Peterson) - Room 450, EOB.

✓ 11:30 Signing Ceremony for American Convention-
(20 min.) on Human Rights - OAS Headquarters
Building.

✓ 12:10 Colonel Leonard J. Riley, WHCA. (Mr. Hugh
(5 min.) Carter) - The Oval Office.

✓ 1:30 Meeting with Congressman Butler Derrick.
(10 min.) (Mr. Frank Moore) - The Oval Office.

2:00 Mr. Charles Schultze - The Oval Office.

2:30 Meeting with Mr. James Schlesinger, Mr. Frank
Moore, Mr. Charles Schultze and Mr. Stuart
Eizenstat - The Oval Office.

✓ 7:00 Dinner with Speaker Thomas P. O'Neill, Jr.
The Residence.

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 The Residence.

Dr Richard Atkinson
 Dr. Nat Sci Found
 - Acting - Pres. HUMANITIES
 & SCIENCES
 Dr Peter Bourne
 Office of Drug Abuse Pol
 Dr Frank Press
 Dir of of Sc & Tech Pol
 - MIT - Earth
 Judge Bazelon

THE PRESIDENT HAS BEEN.

36-155-
 How doing in Boston?
 Renegotiation
 Moss Amend.
 Voter Regis
 Consumer Protection
 Angell/Ullman

Electrostatic Copy Made
 for Preservation Purposes

THE WHITE HOUSE
WASHINGTON

June 1, 1977

Hamilton Jordan -

For your information, the attached letter to Georgiana Sheldon was signed by the President and given to Bob Linder for appropriate handling.

Rick Hutcheson

X

THE WHITE HOUSE
WASHINGTON

ACTION
FYI

	MONDALE
	COSTANZA
	EIZENSTAT
<input checked="" type="checkbox"/>	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
	WATSON

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

	FOR STAFFING
	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HOYT
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LANCE
	LINDER
	MITCHELL
	POSTON
	PRESS
	B. RAINWATER
	SCHLESINGER
	SCHNEIDERS
	SCHULTZE
	SIEGEL
	SMITH
	STRAUSS
	WELLS
	VOORDE

MEMORANDUM

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

May 26, 1977

MEMORANDUM FOR THE PRESIDENT

FROM:

HAMILTON JORDAN *7/8*

Scotty Campbell has personally requested that you send a letter to Mrs. Sheldon, who has been Acting Chairman of the Civil Service Commission during the transition. She has been very helpful to Scotty and others during this period and I recommend you sign the attached letter.

Attachment

THE WHITE HOUSE

WASHINGTON

May 26, 1977

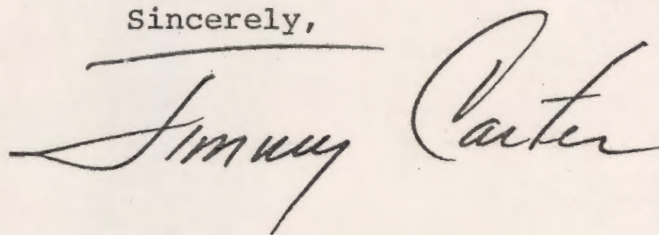
To Georgiana Sheldon

As you complete your service as Chairman of the Civil Service Commission during the transition period, and during the first months of my Administration, I want to thank you for a job well done.

I have been informed by the new Chairman of the useful contributions you have made to the Commission during this period and of his high regard for your work. I join Chairman Campbell in expressing appreciation to you for your efforts.

With best wishes,

Sincerely,

A handwritten signature in dark ink, reading "Jimmy Carter". The signature is written in a cursive, flowing style. The first name "Jimmy" is written with a large, sweeping initial "J". The last name "Carter" is also written in a cursive style, with a large, sweeping initial "C". The signature is positioned below the word "Sincerely,".

The Honorable Georgiana Sheldon
Commissioner
U. S. Civil Service Commission
Washington, D. C. 20415



CHAIRMAN

UNITED STATES CIVIL SERVICE COMMISSION
WASHINGTON, D. C. 20415

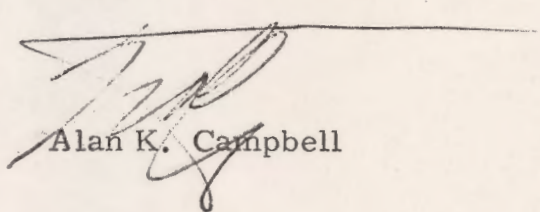
May 5, 1977

MEMORANDUM FOR HAMILTON JORDAN
Assistant to the President
The White House

Subject: Georgiana H. Sheldon

Now that Jule Sugarman's and Erska Poston's names have been sent to the Senate for confirmation, I think it appropriate that a letter of appreciation go from the President to Georgiana. She has been tremendously helpful during the transition period and the early months of this Administration by taking on the acting chairmanship of the Civil Service Commission and doing, in my judgment, a thoroughly good job of "minding the store" while the new appointments were being made.

If there is any possibility of finding a place for her in the new Administration, I strongly urge you to do so. A minority party appointment to one of the regulatory commissions, it seems to me, would be appropriate. I understand there is such a vacancy at the Civil Aeronautics Board and on the basis of a recent evaluation done of that agency by an evaluation team from here, they are badly in need of some expert managerial guidance. Georgiana could certainly provide that.


Alan K. Campbell

THE WHITE HOUSE
WASHINGTON
June 1, 1977

Charlie Schultze
Stu Eizenstat

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

Re: Ratio of Personal Income Taxes
to Personal Income

THE WHITE HOUSE
WASHINGTON

ACTION	FYI		
		MONDALE	<input type="checkbox"/> ENROLLED BILL
		COSTANZA	<input type="checkbox"/> AGENCY REPORT
		EIZENSTAT	<input type="checkbox"/> CAB DECISION
		JORDAN	<input type="checkbox"/> EXECUTIVE ORDER
		LIPSHUTZ	Comments due to
		MOORE	Carp/Huron within
		POWELL	48 hours; due to
		WATSON	Staff Secretary
			next day

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

<input type="checkbox"/>	ARAGON	<input type="checkbox"/>	KRAFT
<input type="checkbox"/>	BOURNE	<input type="checkbox"/>	LANCE
<input type="checkbox"/>	BRZEZINSKI	<input type="checkbox"/>	LINDER
<input type="checkbox"/>	BUTLER	<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	CARP	<input type="checkbox"/>	POSTON
<input type="checkbox"/>	H. CARTER	<input type="checkbox"/>	PRESS
<input type="checkbox"/>	CLOUGH	<input type="checkbox"/>	B. RAINWATER
<input type="checkbox"/>	FALLOWS	<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	FIRST LADY	<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	GAMMILL	<input checked="" type="checkbox"/>	SCHULTZE
<input type="checkbox"/>	HARDEN	<input type="checkbox"/>	SIEGEL
<input type="checkbox"/>	HOYT	<input type="checkbox"/>	SMITH
<input type="checkbox"/>	HUTCHESON	<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	JAGODA	<input type="checkbox"/>	WELLS
<input type="checkbox"/>	KING	<input type="checkbox"/>	VOORDE

Personal Taxes as a Percent of Personal Income

FY 1955-1981

<u>Fiscal year</u>	<u>percent</u>	<u>Fiscal year</u>	<u>percent</u>
<u>Actual</u>		<u>Actual</u>	
1955	9.7	1968	10.5
1956	10.0	1969	12.2
1957	10.4	1970	11.7
1958	9.8	1971	10.4
1959	9.9	1972	10.6
1960	10.4	1973	10.4
1961	10.2	1974	10.8
1962	10.6	1975	10.2
1963	10.5	1976	10.0
1964	10.2		
1965	9.5	<u>Projected</u>	
1966	9.9	1977	10.7
1967	10.1	1978	10.9
		1981 ^a	13.1
		1981 ^b	12.7

- a. No allowance for wellhead tax, recycled through personal income tax credits.
- b. Assumes that \$8 billion in wellhead tax collections are recycled through personal income tax credits.

THE PRESIDENT HAS SEEN.

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

May 26, 1977

*Charlie & Stu-
We had better
plan on a phase
back down to
about 11% by
1981*

J

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze *CLS*

At the Budget Review meeting yesterday, you asked about the ratio of personal income taxes to personal income. The attached table gives the historical data and some projections to 1981. The table also shows an estimate of what the relationship would be in 1981 when the wellhead tax is recycled in the form of personal income tax credits. An additional reduction in the ratio would occur if the gasoline tax were triggered and recycled through income tax credits. Because I believe the tax may not be triggered by 1981, we have not included that adjustment.

enclosure

**Electrostatic Copy Made
for Preservation Purposes**

for staffing

Evan Doherty

Bert Lance

Richard Harden

Hugh Carter

Very respectfully,
[Signature]

THE WHITE HOUSE
WASHINGTON

June 1, 1977

Z. Brzezinski -

The attached was returned in the President's outbox and is forwarded to you with the request that a copy of the President's comments be forwarded to Secretary Vance and Evan Dobelle.

Rick Hutcheson

Re: Use of President's Guest House

5/31

3

THE WHITE HOUSE
WASHINGTON

*cc Evans
DeBalle
Vance via 213*

ACTION
FYI

<input type="checkbox"/>	MONDALE
<input type="checkbox"/>	COSTANZA
<input type="checkbox"/>	EIZENSTAT
<input type="checkbox"/>	JORDAN
<input type="checkbox"/>	LIPSHUTZ
<input type="checkbox"/>	MOORE
<input type="checkbox"/>	POWELL
<input type="checkbox"/>	WATSON

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

<input type="checkbox"/>	ARAGON
<input type="checkbox"/>	BOURNE
<input checked="" type="checkbox"/>	BRZEZINSKI
<input type="checkbox"/>	BUTLER
<input type="checkbox"/>	CARP
<input type="checkbox"/>	H. CARTER
<input type="checkbox"/>	CLOUGH
<input type="checkbox"/>	FALLOWS
<input type="checkbox"/>	FIRST LADY
<input type="checkbox"/>	GAMMILL
<input type="checkbox"/>	HARDEN
<input type="checkbox"/>	HOYT
<input type="checkbox"/>	HUTCHESON
<input type="checkbox"/>	JAGODA
<input type="checkbox"/>	KING

<input type="checkbox"/>	KRAFT
<input type="checkbox"/>	LANCE
<input type="checkbox"/>	LINDER
<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	POSTON
<input type="checkbox"/>	PRESS
<input type="checkbox"/>	B. RAINWATER
<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	SCHULTZE
<input type="checkbox"/>	SIEGEL
<input type="checkbox"/>	SMITH
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	WELLS
<input type="checkbox"/>	VOORDE

THE WHITE HOUSE
WASHINGTON

Mr. President:

Evan Dobelle comment: "There is no way we can reduce governmental expenditures by having carte blanche changes in policy that do just the opposite. To reserve the right to make an occasional exception is one thing - opening Pandora's box is quite another."

Rick

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

2571

THE PRESIDENT HAS SEEN.

May 26, 1977

ACTION

MEMORANDUM FOR:

THE PRESIDENT

FROM:

ZBIGNIEW BRZEZINSKI

SUBJECT:

Use of President's Guest House

I agree with States' proposal - Only exceptions to be approved by me for special reasons. J.C.

p.s. who approved Jenkins? J

In the attached memo, State proposes to make Blair House available only to Heads of State or Government invited to Washington for Official or State visits, and not to those leaders on private visits and having a meeting with you. The primary reason for this proposed restriction is cost -- \$2,000 per day above normal operating expenses, for each day in use.

In the past, Blair House, if available, was offered to Heads of State and Government who came on their own initiative for private visits, provided that they were meeting with the President. More recently, however, State has limited its use (King Hussein and Prime Minister Rabin used it during their visits, among others). Yet there have been inconsistencies -- for instance, EC Commission President Roy Jenkins stayed there, and he is not a Head of Government or State.

Despite the budgetary considerations, I feel that the President's Guest House should be offered to Heads of State and Government regardless of the type of visit, to be limited to a stay of one or two days. If, however, you would prefer to restrict its use as proposed by State, then no exceptions should be made. Exceptions invite embarrassing comparisons among foreign leaders, suggesting partiality.

I would appreciate knowing your preference:

State and Official visitors only _____

All Heads of State/Government meeting with you _____

Time to be limited to one day _____ or, two days _____

Selected Heads of State/Government on private visits _____

Other _____



DEPARTMENT OF STATE

Washington, D.C. 20520

May 6, 1977

UNCLASSIFIEDMEMORANDUM FOR DR. ZBIGNIEW BRZEZINSKI
THE WHITE HOUSE

Subject: Blair House

Ref.: Memorandum No. 7711662 of
April 29, 1977 - Hornblow-
Tarnoff

The Department's policy on the use of Blair House, the President's Guest House, for visiting Heads of State and Government is as follows:

1. Blair House is offered as a matter of course to Chiefs of State and Heads of Government invited by the President on State or Official visits to Washington.

2. Blair House is not offered to Chiefs of State or Heads of Government who are in the United States on private business--i.e., medical treatment, vacation, to receive awards, etc.--and who are received at their request by the President for an office call. The primary reason for not offering Blair House in such circumstances is budgetary--the cost of running Blair House when an official visitor and his suite are in residence is around \$2,000 per day above normal operating costs, the additional amount representing the expense of food and temporary additional personnel. The added cost is even higher if the visitor happens to arrive on a Sunday or a holiday when overtime has to be paid to staff.

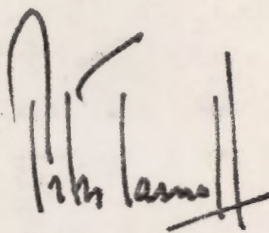
As the Department has been made aware of the President's personal interest in bringing about economies in the operation of Blair House, it plans to continue not to offer the President's

UNCLASSIFIED

UNCLASSIFIED

- 2 -

Guest House to visiting Chiefs of State and Heads of Government who come to this country at their own initiative and not by invitation of the President.

A handwritten signature in dark ink, appearing to read "Peter Tarnoff", with a stylized, sweeping flourish at the end.

Peter Tarnoff
Executive Secretary

UNCLASSIFIED

THE WHITE HOUSE

WASHINGTON

Date: May 26, 1977

MEMORANDUM

FOR ACTION:

Evan Dobelle *attached*
Bert Lance
Hugh Carter - *concur w/ state dept*
Richard Harden *concur*

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Zbigniew Brzezinski memo 5/26 re Use of the
President's Guest House.

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: NOON

DAY: SATURDAY

DATE: MAY 28, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

6/1
PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

WASHINGTON

Date: May 26, 1977

MEMORANDUM

FOR ACTION:

Evan Dobelle ✓
Bert Lance
Hugh Carter
Richard Harden

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Zbigniew Brzezinski memo 5/26 re Use of the
President's Guest House.

→ YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: NOON

DAY: SATURDAY

DATE: MAY 28, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.

☐ No comment.

Please note other comments below:

There is no way we can reduce governmental expenditures by having carte blanche changes in policy that do just the opposite.

To reserve the right to make an occasional exception is one thing--opening Pandora's box is quite another.

Evan S. Dobelle

Evan S. Dobelle
Chief of Protocol
632-0866

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

Date: May 26, 1977

MEMORANDUM

FOR ACTION:

Evan Dobelle
Bert Lance
Hugh Carter
Richard Harden ✓

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Zbigniew Brzezinski memo 5/26 re Use of the
President's Guest House.

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: NOON

DAY: SATURDAY

DATE: MAY 28, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☒ I concur.

☐ No comment.

Please note other comments below:

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

Date: May 26, 1977

MEMORANDUM

FOR ACTION:

Evan Dobelle
Bert Lance
Hugh Carter ✓
Richard Harden .

FOR INFORMATION:

FROM: Rick Hutcheson, Staff Secretary

SUBJECT: Zbigniew Brzezinski memo 5/26 re Use of the President's Guest House.

YOUR RESPONSE MUST BE DELIVERED
TO THE STAFF SECRETARY BY:

TIME: NOON

DAY: SATURDAY

DATE: MAY 28, 1977

ACTION REQUESTED:

☒ Your comments

Other:

STAFF RESPONSE:

☐ I concur.☐ No comment.

Please note other comments below:

I concur with the State Dept. proposal.

H. Carter

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately. (Telephone, 7052)

THE WHITE HOUSE
WASHINGTON

June 1, 1977

Charlie Schultze -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

Re: Letter from John C. Maddox
re "Rising Prices"

THE WHITE HOUSE
WASHINGTON

ACTION	FYI		
<input type="checkbox"/>	<input type="checkbox"/>	MONDALE	<input type="checkbox"/> ENROLLED BILL
<input type="checkbox"/>	<input type="checkbox"/>	COSTANZA	<input type="checkbox"/> AGENCY REPORT
<input type="checkbox"/>	<input type="checkbox"/>	EIZENSTAT	<input type="checkbox"/> CAB DECISION
<input type="checkbox"/>	<input type="checkbox"/>	JORDAN	<input type="checkbox"/> EXECUTIVE ORDER
<input type="checkbox"/>	<input type="checkbox"/>	LIPSHUTZ	Comments due to
<input type="checkbox"/>	<input type="checkbox"/>	MOORE	Carp/Huron within
<input type="checkbox"/>	<input type="checkbox"/>	POWELL	48 hours; due to
<input type="checkbox"/>	<input type="checkbox"/>	WATSON	Staff Secretary
			next day

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

<input type="checkbox"/>	ARAGON	<input type="checkbox"/>	KRAFT
<input type="checkbox"/>	BOURNE	<input type="checkbox"/>	LANCE
<input type="checkbox"/>	BRZEZINSKI	<input type="checkbox"/>	LINDER
<input type="checkbox"/>	BUTLER	<input type="checkbox"/>	MITCHELL
<input type="checkbox"/>	CARP	<input type="checkbox"/>	POSTON
<input type="checkbox"/>	H. CARTER	<input type="checkbox"/>	PRESS
<input type="checkbox"/>	CLOUGH	<input type="checkbox"/>	B. RAINWATER
<input type="checkbox"/>	FALLOWS	<input type="checkbox"/>	SCHLESINGER
<input type="checkbox"/>	FIRST LADY	<input type="checkbox"/>	SCHNEIDERS
<input type="checkbox"/>	GAMMILL	<input checked="" type="checkbox"/>	SCHULTZE
<input type="checkbox"/>	HARDEN	<input checked="" type="checkbox"/>	SIEGEL
<input type="checkbox"/>	HOYT	<input type="checkbox"/>	SMITH
<input type="checkbox"/>	HUTCHESON	<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	JAGODA	<input type="checkbox"/>	WELLS
<input type="checkbox"/>	KING	<input type="checkbox"/>	VOORDE

Jean:

Mr Kinto asked
me to hold for you in.

*make a copy
for our files*

JOHN C. MADDOX
34 ROCK RIDGE AVENUE
GREENWICH, CONN.
06830

*Pres. Carter
I can see this
at work in my little
business. Thought you
or Charlie Schultze might
like to see this - see
paper attached
CP-6*

May 19, 1977

*Schultze
J*

Mr. Charles Kirbo,
King & Spalding,
Trust Company Tower,
Atlanta, Ga. 30303

THE PRESIDENT HAS SEEN.

Dear Charles,

If it's presumptuous of me to assume a first-name address it's because I find it hard to "Mr." someone who went through B.H.S. only a few years later than I, and who probably knew my younger brother, Henry (now deceased).

My purpose in writing you is to try and find a way to get a fact on rising prices to the President that won't be automatically screened out by his advisers on economics. My qualifications for discussing the subject come from a lifetime (now 67) of statistical marketing and price analysis for major U.S. Corporations.

The simple fact is that the arithmetic universally used in revising prices upward at all levels of commerce contains a built-in geometric factor which results in the pyramiding of an unjustified increase in price to the end user. By the time a small legitimate increase in cost at the producer level has been passed (and padded) to the broker, the wholesaler, the retailer, all using the same accounting procedure, the unjustified part of the increase becomes by far the majority part of the increase.

Another bad result is additional unjustified cost to the total society from hooking such things as Social Security payments and wage contracts to the Consumer Price Index which is strongly affected by the same arithmetic. A conservative estimate (mine) is that two-thirds of the dollar increase in prices to consumers in any recent year has arisen from this false "cushion". Converting this to consumer dollars via the CPI and Total U.S. Retail Sales produces a figure between thirty and forty billion consumer dollars per year !

The President will understand well the accounting procedures used in increasing the price of a standard line of goods. The method is an efficient control device for

Charles Kirbo - 2
May 19, 1977

financial management when prices do not vary substantially, and when there is no general expectation of rising prices in the public mind. The method is justified by accountants and marketers at all times, and particularly recommended by them in times of rising prices solely on the expectation of future rises in "all other costs". It, therefore, is a self-fulfilling expectation - and an inflation of inflation itself.

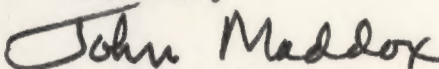
The attached sheet shows how the numbers look when a labor-cost increase of 10% at the factory is assumed, and no other cost-rise expectations are included. In this example 61% of the total unit price increase to the consumer is not real; just "anticipated".

I have discussed this viewpoint with a number of friends, among whom are the president of a major food chain, vice presidents of several large banks, treasurer of a national variety store chain, and professors of accounting at two leading business schools. Every one of them has said, "It is true, but.....".

The attached note from Sylvia Porter in response to a letter from me is the only open-minded reaction I have received from "informed" persons. The attached column by her was published a month after she read my paper.

I don't know what Karl Marx had in mind when he said, "capitalism contains the seeds of its own destruction" but this hidden monster in our pricing system could be a small seed in the long run. The politics of doing something about it is something else - and I'm out of my depth there !

Sincerely


John C. Maddox

DOLLARS PER UNIT OF GOODS SOLD

	Original	With 10% Increase in Labor Cost	Amount of Increase From Original	
			\$	%
	(A)	(B)		
FACTORY COSTS PER UNIT				
Materials	4.60	4.60	-	-
Labor	4.55	5.00	.45	10.0
Other Direct Expense	2.40	2.40	-	-
TOTAL DIRECT COSTS	11.55	12.00	.45	3.9

* If a Gross Profit Margin of 30% of Selling Price is assumed as needed to cover all other expenses and Net Profit, the Total Direct Expenses in Columns (A) and (B) must be assumed to represent 70% of the Selling Price to the Wholesaler. This computes to be \$ 16.50, leaving, by deduction:

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REAL Cost Increase .45

"ANTICIPATORY" Increase .70

% of Anticipatory Increase
to Total Increase to Consumer 60.87 %

* The "method"

*include a copy
for old friends file*

JOHN C. MADDOX
34 ROCK RIDGE AVENUE
GREENWICH, CONN.
06830

*Pres. center:
I can see this
at work in my little
business - Thought you
at Charles Schultze might
like to see this - see
paper attached
C. Schultze*

May 19, 1977

Mr. Charles Kirbo,
King & Spalding,
Trust Company Tower,
Atlanta, Ga. 30303

THE PRESIDENT HAS SEEN.

Dear Charles,

If it's presumptuous of me to assume a first-name address it's because I find it hard to "Mr." someone who went through B.H.S. only a few years later than I, and who probably knew my younger brother, Henry (now deceased).

My purpose in writing you is to try and find a way to get a fact on rising prices to the President that won't be automatically screened out by his advisers on economics. My qualifications for discussing the subject come from a lifetime (now 67) of statistical marketing and price analysis for major U.S. Corporations.

The simple fact is that the arithmetic universally used in revising prices upward at all levels of commerce contains a built-in geometric factor which results in the pyramiding of an unjustified increase in price to the end user. By the time a small legitimate increase in cost at the producer level has been passed (and padded) to the broker, the wholesaler, the retailer, all using the same accounting procedure, the unjustified part of the increase becomes by far the majority part of the increase.

Another bad result is additional unjustified cost to the total society from hooking such things as Social Security payments and wage contracts to the Consumer Price Index which is strongly affected by the same arithmetic. A conservative estimate (mine) is that two-thirds of the dollar increase in prices to consumers in any recent year has arisen from this false "cushion". Converting this to consumer dollars via the CPI and Total U.S. Retail Sales produces a figure between thirty and forty billion consumer dollars per year !

The President will understand well the accounting procedures used in increasing the price of a standard line of goods. The method is an efficient control device for

Charles Kirbo - 2
May 19, 1977

financial management when prices do not vary substantially, and when there is no general expectation of rising prices in the public mind. The method is justified by accountants and marketers at all times, and particularly recommended by them in times of rising prices solely on the expectation of future rises in "all other costs". It, therefore, is a self-fulfilling expectation - and an inflation of inflation itself.

The attached sheet shows how the numbers look when a labor-cost increase of 10% at the factory is assumed, and no other cost-rise expectations are included. In this example 61% of the total unit price increase to the consumer is not real; just "anticipated".

I have discussed this viewpoint with a number of friends, among whom are the president of a major food chain, vice presidents of several large banks, treasurer of a national variety store chain, and professors of accounting at two leading business schools. Every one of them has said, "It is true, but.....".

The attached note from Sylvia Porter in response to a letter from me is the only open-minded reaction I have received from "informed" persons. The attached column by her was published a month after she read my paper.

I don't know what Karl Marx had in mind when he said, "capitalism contains the seeds of its own destruction" but this hidden monster in our pricing system could be a small seed in the long run. The politics of doing something about it is something else - and I'm out of my depth there !

Sincerely

John Maddox
John C. Maddox

DOLLARS PER UNIT OF GOODS SOLD

	Original	With 10% Increase in Labor Cost	Amount of Increase From Original	
			\$	%
	(A)	(B)		
FACTORY COSTS PER UNIT				
Materials	4.60	4.60	-	-
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to Total Increase to Consumer 60.87 %

* The "method"

cc: CLS
WS
JT

~~Rich Hatcher, Jr.~~
~~the President, Jr.~~

PG

June 14, 1977

Mr. Charles Kirbo
King & Spalding
Trust Company Tower
Atlanta, Georgia 30303

Dear Mr. Kirbo:

The President has asked me to comment on the letter sent to you by John C. Maddox on business price setting practices and their impact on inflation. Mr. Maddox points out that most business firms, at least in the short-run, attempt to preserve their profit margins in the face of rising costs by revising their prices upward by the same percentage as the cost increase. He also mentions that this practice is especially recommended by accountants in times of inflation because of the expectation that prices and nominal incomes in general are rising and therefore that charging more at the retail level will not reduce sales and profits. Consequently a large part of inflation is generated by expectations of further inflation.

This self-generating property of inflation is a serious problem and is a major reason why it is so difficult to reduce the rate of inflation. In his April 15 statement on inflation, the President describes the issues in the following way:

In part, we have inflation today because we had it yesterday. Each group in the economy tries to recoup prior increases in costs or prices, but in doing so helps keep inflation going. If everyone could exercise restraint, the momentum would slow down, and we could move toward price stability. But who can afford to show such restraint individually without assurances that others will do the same? Our difficulties occur precisely because there exists no process for mutual cooperation on a voluntary basis.

DATE 06-06-78
TIME 4:00 PM
MR. CHURCH

The President's anti-inflation program outlined in this message attempts to address these problems in several ways. First, the President is firmly committed to controlling the growth of Federal spending and achieving a balanced budget in a fully employed economy by 1981. Such a responsible budgetary strategy is essential to avoid a resurgence of inflationary pressures. Second, the Council on Wage and Price Stability will continue to monitor price increases to see if they are justified by rises in costs, and will undertake detailed industry studies to detect emerging bottlenecks and capacity shortages, which would lead to significant price increases. Third, the Administration plans to review the government's regulatory, stockpile, and procurement policies, as well as to ensure resolute enforcement of the antitrust laws -- all with the aim of directing government policy toward stabilizing costs and prices. Finally, the President also has asked the President of the AFL-CIO and the Chairman of the General Electric Company to help coordinate a new cooperative effort between labor, management, and the government, designed to guard against a new upsurge in inflation.

I am sure that Mr. Maddox knows the complexity of these problems. I have passed his letter on to my staff for use in their work on price developments. I hope you will thank Mr. Maddox for his useful discussion of this problem.

Cordially,

Charles L. Schultze

JOHN C. MADDOX
34 ROCK RIDGE AVENUE
GREENWICH, CONN.
06830

at work
business - Thurgood
not a hardie Schmitz
like to see this - see
paper attached
C. F. Schmitz

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May 19, 1977

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"ANTICIPATORY" Increase .70

% of Anticipatory Increase
to Total Increase to Consumer 60.87 %

* The "method"

THE WHITE HOUSE
WASHINGTON

The Speaker's office just telephoned (5:45 p.m.) to say that Mrs. O'Neill will be unable to attend the dinner tonight.

6/1

THE PRESIDENT HAS SEEN.

Electrostatic Copy Made
for Preservation Purposes

THE WHITE HOUSE

WASHINGTON

June 1, 1977

①
✓

DINNER WITH THE SPEAKER AND MILLIE O'NEILL

Wednesday, June 1

Family Quarters

7:00 p.m.

From: Frank Moore

BACKGROUND INFORMATION

1. The Speaker is from Massachusetts' 8th Congressional District. The 8th district is the home of Harvard, MIT, Boston University and numerous small colleges. The 8th district has the second highest proportion of college students -- 15% of the electorate -- of any congressional district in the country.
2. The Speaker was first elected to the House in 1952. In the 1974 general election, he was reelected with 88% of the vote.
3. For one who has been criticized for getting ahead by going along, the Speaker has taken at least two courageous (and at the time not politically popular) stands:
 - a) In 1967, he came out publicly against President Johnson's policy in Vietnam. The Speaker credited the strong arguments of his children for this stand.
 - b) In 1974, the Speaker, before the Open House Judiciary Committee, declared that an impeachment inquiry was a constitutional and responsible course of action.
4. The Speaker and Mrs. O'Neill (Millie) will celebrate their 36th wedding anniversary on June 17.
5. The Speaker and Mrs. O'Neill are expecting their first grandchild in a few weeks. (Son Kip and daughter-in-law Chiv)
6. The Speaker and Mrs. O'Neill have gotten to spend a few weekends golfing at their home at the Cape in the past month.
7. Ask the Speaker how you are doing in Boston. He will tell you about Congressman Moakley's poll.

. . . more

TALKING POINTS

1. The Speaker is still telling everybody what a great time he had on the Notre Dame trip, and what a great guy you are since he has gotten to know you better.
2. He is anxious now to talk with you one-on-one, but afraid to tell Mrs. O'Neill that he is disinviting her. If it is convenient, some time after the meal perhaps you could have Chip or Caron to give Mrs. O'Neill a tour of the family quarters. I think she and the Speaker would both be more relaxed.
3. You should, of course, mention renegotiation--getting a rule and getting it on the floor.
4. We need the help of the Leadership tomorrow in defeating the Moss amendment to the Department of Energy bill. The reason is that we need a strong Department to deal with the tough problems and should not be gutted at the outset.
5. Voter Registration Bill. Mention that you have been personally working on it. You have had a number of breakthroughs in the South. You continue to work closely with the Vice President and Frank Moore and give it your personal attention; you hope the Speaker will do so.

You might mention that we now only have three votes out of the Texas delegation and Jim Wright is the key to it, as well as Rostenkowski is the key to Chicago delegation. Any help he could give here would be appreciated.

6. You can say you have looked over the schedule of the House for the next three weeks and that it looks like a fast-moving and intensive legislative days and that we (Department Congressional Liaison, White House Congressional Liaison and OMB) will be fighting hard to maintain the Administration's position on the Appropriations bills. Mention that we will be meeting every morning and that although you will not be familiar with detail figures, you will know what is going on every day and that we do not want another Harold Brown budget resolution problem to arise. The Speaker should call you or Frank Moore directly if our efforts in holding down spending should get counter-productive in any one of the Appropriations bills.

(continued)

7. The next Leadership breakfast meeting is Thursday, June 9. At that time we hope that the Speaker and Ribicoff will urge Byrd to schedule Consumer Protection in the Senate first. This strategy has not been made public. If Byrd and the Speaker are both at the Foreign Relations meeting scheduled on Wednesday--the day before the breakfast--you could get together prior to or after the meeting and discuss the same subject.
8. You should also mention you are meeting tomorrow morning at 8:00 a.m. with John Dingell's (D-Mich) Subcommittee on Energy and Power (Democrats only) and the full Ways and Means Committee on Friday morning from 8:00 a.m. to 9:00 a.m.. Of course, the Speaker is welcome to attend, as he has an open invitation to all legislative meetings.

THE WHITE HOUSE
WASHINGTON

June 1, 1977

Hamilton Jordan -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

Re: Letter from Ed Barker re:
James Marvin Williams

Electrostatic Copy Made
for Preservation Purposes



The State Senate
Atlanta

ED BARKER
SENATOR
EIGHTEENTH DISTRICT

May 24, 1977

THE PRESIDENT HAS SEEN.

Honorable Jimmy Carter
President of the United States
The White House
Washington, D.C.

Good Morning...Mr. President!

Our mutual friend, James Marvin Williams, recently made application for a B & I guaranteed loan thru the Farmer's Home Administration. Marvin has submitted his application on several occasions, each time it has been returned with several minor items such as a particular column should not have been completed because it was a new business. Each time, of course, this has delayed the approval. I am confident, after reviewing his portfolio, the minor discrepancies should not have effected the return of his application.

I am convinced that Marvin has demonstrated thru marketing studies, various facts and information that will substantiate approval for his new business in the Newnan, Georgia area.

Please assist Marvin with FHA in order that his application can receive immediate and favorable approval.

Thank you for your cooperation.

Yours sincerely,


Ed Barker

EB/b

cc: Mr. Marvin Williams
3751 Columbus Road
Macon, Georgia 31204 (912) 788-7415 or 746-2262

Ham - do
Please prepare
this - answer to Ed
after checking
on this
J

P. O. DRAWER KK
WARNER ROBINS, GEORGIA
31093

p.s. the ~~no~~ influence,
of course
J



UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION
Athens, Georgia 30601

SUBJECT: James Marvin Williams
Preapplicant for B&I Guaranteed Loan - \$350,000

TO: County Supervisor, FmHA
Newnan, Georgia

March 15, 1977

We have reviewed Forms FmHA 449-22, "Certification of Non-Relocation and Market and Capacity Information Report," and FmHA 449-4, "Statement of Personal History," as submitted with your memo of 2/25/77. We have noted the following discrepancies as outlined below which need to be corrected and returned to this office as soon as possible:

Form FmHA 449-22

- _____ Item 5 should show NA if there is no affiliate or subsidiary.
- _____ Item 8a. - Information about Products or Services
- _____ Column 2 should specify each principal product.
- _____ Column 3 needs latest annual sales since this is an existing business.
- x _____ Column 3 should not be completed since this is a new business venture.
- _____ Column 4 needs to be completed for present employment per principal product.
- x _____ Column 4 should not be completed since this is a new business venture.
- _____ Total of Column 4 should be the same as the total of Column 2 in Item 8b.
- _____ Column 5 should be completed for both existing businesses and new business ventures.
- _____ Column 6 should be completed for both existing businesses and new business ventures.
- _____ Total of Column 6 should be the same as the total of Column 4 of Item 8b.
- _____ Item 8b. - Principal Occupations
- _____ Column 2 needs to be completed for present employment by occupational job titles.
- x _____ Column 2 should not be completed since this is a new business venture.
- _____ Column 3 needs to be completed to reflect the hourly wage rates for the persons indicated in Column 2.
- x _____ Column 3 should not be completed since this is a new business venture.
- _____ Column 4 needs to be completed for employment at full capacity.

Newnan Area

Shedding Fast info

Form FmHA 449-22 (continued)

- Item 8b. - Principal Occupations
____ Column 4 should agree with the total of Column 6 in
____ Item 8a.
____ Column 5 should be completed to reflect the hourly
____ wage rates for the persons indicated in Column 4.
____ Columns 4 and 5 should be completed for both existing
____ businesses and new business ventures.
____ This form needs to be signed and dated by proper
____ official.
____ x Other information is needed as follows: Item 11 needs
____ attachment as required by Section 12 of this form.

Form FmHA 449-4

- ____ Item 1 does not give principal's full name. No
____ initials are acceptable.
____ Item 1 does not give spouse's full name. No initials
____ are acceptable.
____ Item 6a has not been completed.
____ Item 6b has not been completed.
____ Item 9 does not show the street and number of the
____ principal's residence(s) for the last ten years.
____ Item 9 does not give specific dates for the last ten
____ years.
____ Item 10 does not have the requested information as
____ columns specify.
____ This form needs to be signed and dated by principal.
____ x Other information is needed as follows: This form indicates
____ type of business as private corporation. If this is the case, we
____ will need this form prepared by all officers of the corporation,
____ Also no title is indicated on Mr. Williams' form such as president,
____ etc. next to his signature.

We are returning Forms FmHA 449-22 and FmHA 449-4 for the needed corrections as indicated above. As you know it is important that these forms be completed and returned as soon as possible since it usually takes approximately 60 days for the needed clearances. We are also enclosing extra forms to be completed by all principals. We also need to receive executed copies of Form FmHA 410-9, "Statement Required by the Privacy Act," for all persons submitting Form FmHA 449-4.



E. T. Nabers
Chief, Business and Industry

Attachments

cc: District Director, FmHA, Cartersville
SS/ss

THE WHITE HOUSE
WASHINGTON

June 1, 1977

Jim Fallows -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Jody Powell

Re: National Geographic Book

THE WHITE HOUSE
WASHINGTON

ACTION			
FYI			
		MONDALE	ENROLLED BILL
		COSTANZA	AGENCY REPORT
		EIZENSTAT	CAB DECISION
		JORDAN	EXECUTIVE ORDER
		LIPSHUTZ	Comments due to
		MOORE	Carp/Huron within
	✓	POWELL	48 hours; due to
		WATSON	Staff Secretary
			next day

	FOR STAFFING
	FOR INFORMATION
✓	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON		KRAFT
	BOURNE		LANCE
	BRZEZINSKI		LINDER
	BUTLER		MITCHELL
	CARP		POSTON
	H. CARTER		PRESS
	CLOUGH		B. RAINWATER
✓	FALLOWS		SCHLESINGER
	FIRST LADY		SCHNEIDERS
	GAMMILL		SCHULTZE
	HARDEN		SIEGEL
	HOYT		SMITH
	HUTCHESON		STRAUSS
	JAGODA		WELLS
	KING		VOORDE

THE WHITE HOUSE

WASHINGTON

June 1, 1977

*To Fallows
J*

THE PRESIDENT HAS SEEN.

MEMORANDUM FOR THE PRESIDENT

FROM: JIM FALLOWS *JF*
SUBJECT: National Geographic Book

The National Geographic Society publishes a series of historical books, in cooperation with the White House Curator's office. They are sold to people who tour the White House, and the proceeds go to the Curator's office to help buy art and antiques.

Every President since Kennedy has written an introduction to the book called Our Country's Presidents, a collection of short biographies. Jody has told the Geographic that you will do the same. Here is a draft of the introduction, for your approval.

Jim -
a) Am I signing this?
b) Remove sexism from future possible presidents
c) correct as indicated

**Electrostatic Copy Made
for Preservation Purposes**

The President and the Presidency belong to the American people. ^{The people} ~~We~~ created the office, ^{and} ~~we~~ select the men who serve.

Our system of government was established to represent different interests, different groups, different ideas. Within that system, ~~the~~ President alone can speak for the shared interests of all our people. ^{Their} ~~His~~ strength comes from the people, and ~~he~~ can use it to help us find unity in our diversity.

Only the President can call on the American people to make a sacrifice and explain the purpose of that sacrifice. He alone can harness the tremendous resources of our country to support a strong defense and understandable foreign policy.

Within my lifetime, I have seen Franklin Roosevelt's "New Deal" lead us out of the bitter days of the Depression and unite us through the grief and tragedy of a world war. Harry Truman's "Fair Deal" made us face our responsibilities in the community of nations. John F. Kennedy's "New Frontier" led us to the stars. Lyndon Johnson's "Great Society" led us to right civil wrongs and help our poor and hungry.

We have asked a varied group of men to lead us. Some were born in log cabins, others were raised in mansions. They came from cities and small towns. They were lawyers and

tailors, soldiers and scholars. Some actively sought the office, others had it thrust on them. Some are remembered with ~~marble~~ ^{many} monuments; others' names are difficult to recall.

Every American should know the 39 men whose histories are told here. As our chosen leaders they created the America we live in, just as we are shaping an America for our children and our children's children.

They are "us": our past, our present and our future.

incorrect -
"we" # # #
may change
to "represent"

*Sh. Schur/ze
upon & Schur/ze
Comment
J*

THE PRESIDENT HAS SEEN.

May 11, 1977

MEMORANDUM TO: President Carter

As you know, practically all businesses, large and small, are now charging interest on accounts and I believe most charge at a rate of 18% a year. This was set up when the prime interest rate was very high and has not fluctuated with the interest rate and the availability of money. This falls for the most part on people in the low income bracket. It is a substantial contribution to inflation. The little company that Jim Stone and I own shows about 10% of our profit after taxes coming from interest. The highest interest we have ever paid is 9 1/4%.

This may be a local matter but I think it might be worthy of your interest and attention.

CHK/b

LOGGED

Date 5/14

Routing

CLS
mm
PG

THE WHITE HOUSE
WASHINGTON

May 16, 1977

Stu Eizenstat
Charlie Schultze

The attached was returned in the
President's outbox and is forwarded
to you for your information and
appropriate action.

Rick Hutcheson

Re: Interest on Accounts

6/1

THE PRESIDENT HAS BEEN

May 11, 1977

*Sta
upon & Schu
Comment
J*

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CHK/b

Charlie Kirbo

EIZENSTAT MEMO OF 5/23/77

WASHINGTON

May 23, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT

Stu

SUBJECT:

Retail Interest Rates
(Prepared At Your Request)

You asked me to inquire into the practice whereby most businesses charge a fixed interest rate of 18% on their retail accounts without regard to changes in the underlying cost of money. I have discussed this with CEA, the Anti-trust Division of the Justice Department, and the Senate Banking Committee and can report as follows:

1. Interest rates on retail charge accounts are regulated by state law. The maximum permissible rate varies from state to state with a 1-1/2% per month (or 18% per year) ceiling being most common.
2. Most businesses charge the maximum allowable under state law -- although the method of computing the interest charges, which can change the effective interest cost, varies among the major retailers.
3. Although there are apparently no hard statistics, people knowledgeable in the field indicate that these interest rates have remained relatively unchanged for the past 8-10 years.
4. The practice of charging the maximum rate permitted by law and not changing that rate over time can be explained by several factors:
 - (a) Most businesses treat retail charge accounts as a sales tool as much or more than as a profit item. Also, the principal item of expense in retail accounts is not the cost of money but the costs of administering, servicing, and collecting these accounts. Accordingly, the interest rate on retail accounts is not comparable

to the rate on bank loans and should not be expected to vary with changes in the cost of money.

(b) Since consumers who buy on credit regard retail charge accounts as an accommodation and apparently do not consider the interest cost as a major factor in their purchase decisions, there is little pressure on businesses to charge less than the maximum rate allowed by law.

5. The Antitrust Division informs us that absent an active or tacit conspiracy by businesses to charge the same interest rate, there is no violation of the antitrust laws. Unilateral decisions to charge the maximum permissible interest rate -- which make good sense from the point of view of individual businesses -- do not amount to a violation of the law.
6. CEA informs us that consumer credit analysts generally do not feel that present rates of interest on retail accounts are exorbitant. The Senate Banking Committee confirms that judgment. Lowering these interest rates would probably cause retailers to either reduce the amount of their charge account business (probably rationing credit to the most creditworthy purchasers) or make up for the lost interest by increasing the price of their merchandise.
7. Federal statutes already require full disclosure of the interest rate and method of computation on retail accounts.
8. Basically, this is a matter for state legislatures -- they can investigate to see if businesses are making "excessive" profits on their charge accounts and lower the statutory ceilings if that is appropriate.

Other than call attention to the issue -- which may not really be a "problem" in any case -- there seems to be little you can effectively accomplish here.

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

①

June 1, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze *CLS*

Subject: Interest Rates on Retail Credit

This is in response to your request for my comments on Charles Kirbo's memorandum, a copy of which I have attached, concerning interest rates charged for retail credit. Interest rates on this form of credit are regulated under state laws. Most states have statutes which specifically regulate the interest charges on revolving charge accounts. The ceilings differ from state to state. A few states have a ceiling of 1 percent a month. The more common ceiling is 1-1/2 percent a month on either the first \$500 or the first \$1,000 of credit extended, and a lower rate, such as one percent per month, on the amount above this.

Since 1972, when reliable data became available on a national basis, the average interest rate on retail credit has remained fairly constant -- interest on bank credit cards has held steady at about 17 percent, for example. During that period, the prime rate charged by banks on short-term business loans has varied markedly, moving from a low of 4-1/2 percent in early 1972 to about 12 percent in late 1974, and then down to 6-1/4 percent in early 1977.

The principal reason for the relative inflexibility of the finance charge on retail credit is that a high percentage of the credit charge is not interest as such but associated costs -- processing, collecting, and bad debt losses. These costs represent about 85 percent of total retail finance charges.

Because of the high operating costs, most analysts do not feel the rate of interest on retail credit accounts is unduly high. For example, the National Commission on Consumer Finance concluded in their 1972 report on consumer credit that competition is sufficient to keep costs of retail credit on an appropriate level, and that special controls to reduce interest charges at the retail level might reduce the supply of credit. The Commission found that when states impose low rate ceilings, the action is typically associated with significant reductions of retail credit.

For these reasons, I do not think that any specific action in this area is necessary.

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for Preservation Purposes**

C

FOR THE PRESIDENT

EYES ONLY

**Electrostatic Copy Made
for Preservation Purposes**

THE PRESIDENT HAS SEEN.

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

①

EYES ONLY

June 1, 1977

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze ^{CLS}

Subject: Wholesale Prices and Labor Market Developments in May

This memorandum follows up on my phone conversation with you earlier this afternoon, and provides more detail on wholesale prices and labor market developments in May. The figures will be released publicly by the Bureau of Labor Statistics at 10:00 AM, Friday, June 3.

Unemployment

The May report on employment and unemployment indicates a continued strong demand for labor. Total employment increased 385,000 and total manhours worked in nonfarm establishments rose 0.5 percent. The increase in manhours worked in manufacturing firms was even larger -- 1 percent -- and suggests a substantial further rise in industrial output in May.

The civilian labor force rose about as much as did employment in May, so that unemployment changed little. The unemployment rate did edge off to 6.9 percent, from 7.0 percent in April, but the improvement was almost entirely a matter of rounding. Unemployment among males rose somewhat, while the rate for women declined.

Wholesale Prices

The price news is also favorable. Wholesale prices increased 0.4 percent in May, the smallest rise since last August. A 2.3 percent decline in prices of farm products was a moderating influence, and prices of industrial commodities other than energy items rose only 0.3 percent. In the latter category, prices of metals declined and so did lumber prices.

.48 = 5%

= 4%

This is good news. It may reduce the fear that inflation is accelerating. But at the same time it is not an indication that underlying inflationary pressures are moderating. Metal prices will increase in the July wholesale price index, reflecting the recent announced price increases for steel. Lumber prices are very likely to continue moving up in the months ahead with continued strength in the housing market.

We have no detail as yet on the May decline in prices of farm products. It probably reflects falling prices for corn, wheat, coffee, and cocoa. This may be the first sign of the better performance of farm and food prices we had been expecting to develop around mid-year, but as yet we cannot be sure. Coffee prices may have reached a point of consumer resistance -- demands for green and roasted coffee have been showing signs of weakness. Declines in corn and wheat prices appear to be the result of market expectations for good crop harvests in the Midwest -- but weather developments over the remainder of the growing season will play a critical role in the final outcome.

THE WHITE HOUSE
WASHINGTON

June 1, 1977

Frank Moore
Jim Schlesinger

The attached was returned in the
President's outbox and is forwarded
to you for your information and
appropriate action.

Rick Hutcheson

Re: Letter from Congressman Derrick
re: Reprocessing & Recycling
of Plutonium

BUTLER DERRICK
3D DISTRICT, SOUTH CAROLINA

130 CANNON HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515
(202) 225-5301

COMMITTEES:
BUDGET
BANKING, FINANCE AND
URBAN AFFAIRS

Congress of the United States
House of Representatives
Washington, D.C. 20515

JOHN D. GREGORY
ADMINISTRATIVE ASSISTANT

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**Electrostatic Copy Made
for Preservation Purposes**

June 1, 1977

THE PRESIDENT HAS SEEN.

Honorable Jimmy Carter
The White House
Washington, D. C. 20500

Dear Mr. President:

On April 7, 1977, you announced an indefinite deferral of the commercial reprocessing and recycling of the plutonium produced in the U. S. nuclear power programs. You indicated that the plant in Barnwell, South Carolina would receive neither federal encouragement nor funding for its completion as a reprocessing facility. Also, this decision affects the proposed Westinghouse fabricating facility at Anderson, South Carolina.

Your concerns relating to the risks of proliferation are concerns which I share. Clearly, it is a threat to international peace and security, and therefore, affects all nations. With this in mind, I believe that the Administration and the Congress should seek means to strengthen international nuclear safeguards programs and ensure proper management of nuclear wastes on a worldwide basis. In order that this may be accomplished, U. S. leadership is essential.

Your Administration's nuclear non-proliferation bill, "The Non-Proliferation Policy Act of 1977," submitted to the Congress on April 27, 1977, advocates U.S. leadership to initiate (1) an international fuel cycle; (2) programs to strengthen and encourage the International Atomic Energy Agency (IAEA); and (3) development of a U.S. safeguards training program for the benefit of other nations embarking on nuclear power programs.

The Barnwell facility has the potential to further programs in non-proliferation, safeguards, and waste management. I propose a government study that would look at alternatives for this plant, including such possibilities as:

(1) Safeguards demonstration program

This would include evaluation of the latest detection devices and other physical security hardware on an integrated basis.

COUNTIES:
ABBEVILLE AIKEN ANDERSON EDGEFIELD GREENWOOD MCCORMICK NEWBERRY OCONEE PICKENS SALUDA

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*Schlesinger will
call
J*

Honorable Jimmy Carter
Page Two

This could include participation by the IAEA and selected foreign nations as part of an international nuclear fuel cycle evaluation program.

(2). Processing of government fuels

The Barnwell facility is capable of processing spent fuel from non-civilian reactors should a need arise to undertake such a program.

(3). Evaluation of thorium cycles

The Barnwell plant could be used to verify and evaluate any promised thorium fuel cycles which emerge from currently planned studies.

(4). Evaluation of coprocessing alternatives

The Barnwell facility may be suited to adaptation to the various evaluational activities, they could be solidified and shipped to the Federal Waste Repository, thus completing a needed step in verifying the acceptability of future practices.

(5). Waste management demonstration

As acidic waste solutions emerge from any of the above evaluational activities, they could be solidified and shipped to the Federal Waste Repository, thus completing a needed step in verifying the acceptability of future practices.

The Barnwell plant has the capacity to perform specific activities which would be of benefit to the government in its future programs. Among others, these include studying the impact of using Barnwell for a multi-national fuel cycle center, evaluating safeguards concepts, developing flow-sheets which would be used for coprocessing uranium and plutonium, developing a conceptual design package for high level liquid waste solidification, and evaluating the feasibility of using the Barnwell plant with alternative fuel cycles. Consideration could be given the concept of developing an energy park at the site. The proximity of the Savannah River Government Reservation, and possible fabrication facilities would enhance such a proposal.

It would be my recommendation that all alternatives be studied and carefully reviewed. Prior to the introduction of radioactive materials and prior to the committment of tax dollars, an assessment should be made which addresses

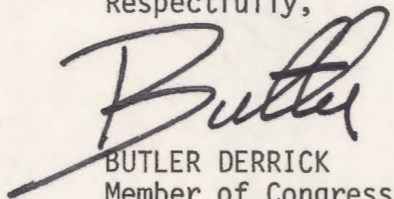
Honorable Jimmy Carter
Page Three

not only the above-mentioned alternatives, but which also assesses the questions of economics, safety and environmental issues, operability, and the maintenance of the facility.

I offer these views to you for your consideration, and am confident that your Administration and the Congress can work together to meet the challenges of this serious issue.

With kindest regards, I am

Respectfully,


BUTLER DERRICK
Member of Congress

D/jm

THE WHITE HOUSE
WASHINGTON

ACTION	FYI		
		MONDALE	ENROLLED BILL
		COSTANZA	AGENCY REPORT
		EIZENSTAT	CAB DECISION
		JORDAN	EXECUTIVE ORDER
		LIPSHUTZ	Comments due to
	X	MOORE	Carp/Huron within
		POWELL	48 hours; due to
		WATSON	Staff Secretary
			next day

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON		KRAFT
	BOURNE		LANCE
	BRZEZINSKI		LINDER
	BUTLER		MITCHELL
	CARP		POSTON
	H. CARTER		PRESS
	CLOUGH		B. RAINWATER
	FALLOWS	X	SCHLESINGER
	FIRST LADY		SCHNEIDERS
	GAMMILL		SCHULTZE
	HARDEN		SIEGEL
	HOYT		SMITH
	HUTCHESON		STRAUSS
	JAGODA		WELLS
	KING		VOORDE

THE WHITE HOUSE
WASHINGTON

June 1, 1977

Frank Moore

The attached was returned in the
President's outbox and is forwarded
to you for your information.

Rick Hutcheson

Re: Letter from Senator Jackson
re: Youth Conservation Corps

x
original to Frank Moore

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE
WASHINGTON

May 26, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT *Stu*

SUBJECT:

Attached Letter from Senator Jackson
re Youth Conservation Corps

Attached hereto is a letter Senator Jackson hand-delivered to me for delivery to you.

After meeting with him and, subsequently, meeting with various persons at OMB, we were able to resolve this matter in a way completely satisfactory to Senator Jackson. Essentially, OMB agreed not to seek a rescission of an additional \$30 million for summer youth jobs; that rescission would have certainly been defeated, as were previous ones on this same issue in the last few years.

HENRY M. JACKSON, WASH., CHAIRMAN

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PAUL LAXALT, NEV.

THE PRESIDENT HAS SEEN.

United States Senate

COMMITTEE ON
ENERGY AND NATURAL RESOURCES

WASHINGTON, D.C. 20510

May 23, 1977

GRENVILLE GARSIDE, STAFF DIRECTOR AND COUNSEL
DANIEL A. DREYFUS, DEPUTY STAFF DIRECTOR FOR LEGISLATION
D. MICHAEL HARVEY, CHIEF COUNSEL
W. O. CRAFT, JR., MINORITY COUNSEL

The President
The White House
Washington, D.C.

Dear Mr. President:

In 1970, Congress passed over the Nixon administration's opposition, what has become one of the most popular youth employment programs in the United States - the Youth Conservation Corps. Since 1971 when the program was first implemented, this program has provided jobs for some 50,000 young men and women between the ages of 15 and 18 and, for every Federal dollar spent, nearly 90 cents has been returned in terms of benefits to Federal lands.

Throughout the entire Nixon-Ford era, there was substantial opposition to the YCC program, just as there was to my Young Adult Conservation Corps, which is now moving rapidly through Congress due in large part to your strong words of support. During the years of 1974, 1975, and 1976 the Nixon-Ford administration persistently impounded funds for the YCC. In all three instances, resolutions of disapproval of these impoundments were overwhelmingly approved by Congress. There is a very strong feeling in Congress that funds appropriated for this program are meant to be spent - not impounded.

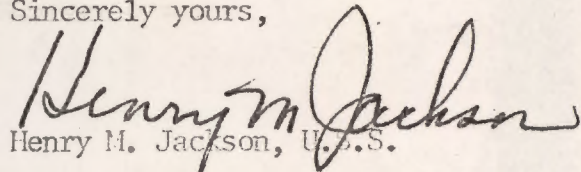
Unfortunately, some of the same attitudes which persisted in OMB during the Nixon-Ford administration are apparently still prevalent. Again this year teen aged youths and worth while projects are being side lined because of the delay by OMB in authorizing expenditure of the funds appropriated by Congress. With each day's delay in release of the funds, fewer and fewer young people will be able to find work this summer. If all the funds are not approved within the next two weeks, it will mean 25,000 young people who could be working in our National Parks, forest, and other public lands, next month will be walking the streets looking for work. This is not your intent, and I certainly know it is not Congress'. However, until approval is given to expenditure of these funds, which necessitate a minimal raising of the manpower ceiling, the success of the entire program is in jeopardy.

Not only is the OMB action unconscionable but it is also inconsistent with section 1015 (a) of the Impoundment Control Act. In 1975 the General Accounting Office was asked to investigate a similar matter involving the delays in releasing YCC funds and ruled that their action was tantamount to an impoundment. In a letter to the Speaker of the House and President of the Senate on July 9, 1975, Elmer B. Staats said "since the Youth Conservation Corps is a summer program, the Congress may not be able to act in a timely manner on an Impoundment message received so late. Such an event would effectively defer use of the funds until next summer." Congress then moved to disapprove the impoundment, which forced OMB to release the money. A full copy of the Comptroller General's letter as well as accompanying material is enclosed with this letter.

I feel very deeply that unless OMB moves rapidly it means that many young people will be unable to find work this summer. I hope that you will take immediate action to resolve this problem.

With best regards,

Sincerely yours,


Henry M. Jackson, U.S.S.

HMJ:dml
Enclosures

FOR IMMEDIATE RELEASE

November 13, 1974

Office of the White House Press Secretary

THE WHITE HOUSE

TO THE CONGRESS OF THE UNITED STATES:

In accordance with the provisions of Title X of the Congressional Budget and Impoundment Control Act of 1974 (Public Law 93-344), I am transmitting supplementary reports that revise proposed rescission and deferral reports made to the Congress in September and October of this year. I am also transmitting herewith reports on two new deferral actions required to promote sound financial management practices.

The details of the supplementary reports and the new deferrals are attached.

GERALD R. FORD

THE WHITE HOUSE,
November 13, 1974

#

SUMMARY OF
PROPOSED RESCISSIONS AND DEFERRALS

(dollars in thousands)

<u>Rescission #:</u>	<u>Item</u>	<u>Budget Authority</u>
<u>Rescissions:</u>		
	Appalachian Regional Development Programs:	
R75-1A	Airport Construction.....	40,000
	Agriculture:	
	Forest Service:	
R75-4A	Forest Roads and Trails.....	61,611
	Interior:	
	Bureau of Land Management:	
R75-6A	Public Lands Development, Roads and Trails.	4,891
	National Park Service:	
R75-7A	Road Construction.....	10,461
<u>Deferrals:</u>		
	Agriculture:	
	Forest Service:	
D75-88	Youth Conservation Corps.....	3,081
D75-24A	Forest Roads and Trails.....	420,000
	Department of Defense - Civil:	
	Soldiers' and Airmen's Home:	
D75-35A	Capital Outlay.....	434
	The Panama Canal:	
	Canal Zone Government:	
D75-36A	Capital Outlay.....	500
	Department of Defense:	
D75-37A	Wildlife Conservation, etc.	343
	Housing and Urban Development:	
	Community Planning and Development:	
D75-52A	Public Facility Loans.....	183,934
	Interior:	
	Bureau of Land Management:	
D75-54A	Public Lands Development, Roads and Trails.	30,000
	U.S. Geological Survey:	
	Payments from Proceeds, Sale of Water,	
D75-61A	Mineral Leasing Act, 1920.....	27
	Labor:	
	Pension Benefit Guarantee Corporation:	
D75-89	Pension Guaranty Fund.....	343
	State:	
	International Boundary and Water Commission,	
	U.S. & Mexico:	
D75-67A	Construction.....	4,696
	Total.....	760,321

11/13/74

Deferral No.: D75-88

DEFERRAL OF BUDGET AUTHORITY
Report Pursuant to Sec. 1013 of P.L. 93-344

Agency	New budget authority	\$ <u>10,240,000</u>
Department of Agriculture	(P.L. 93-404)	
Bureau	Other budgetary resources	<u>---</u>
Forest Service		
Appropriation Title & Symbol	Total Budgetary Resources	<u>10,240,000</u>
125/61125 Youth Conserva-		
tion Corps Forest Service	Amount to be deferred	<u>---</u>
1975/1976.	part of year	
	Amount to be deferred	
	for entire year	<u>3,081,000</u>

Justification:

The Youth Conservation Corps Act of 1970, as amended (P.L. 92-597, October 27, 1972), was enacted to provide gainful employment of young people, ages 15 through 18, during the summer months in furthering development and maintenance of natural resources. Funds were appropriated in the Department of Interior and related agencies Appropriation Act of 1975 (P.L. 93-404) to operate Federal Youth Conservation Camps. These appropriations were made to fund operation of summer camps in calendar year 1975. Thus, the Congress made the funds available in both fiscal years 1975 and 1976. The amount deferred has been placed in reserve under provisions of the Antideficiency Act, (31 U.S.C. 665), to be made available in the first quarter of fiscal year 1976. The reserve will insure fund availability for camp operations for July through September of calendar year 1975.

Estimated Effects:

There are no programmatic or budget impacts since this deferral is in accordance with planned operation of the authorized program and is considered in current budget estimates.

tary of Agriculture must issue regulations immediately that require State educational agencies and local school districts to implement the breakfast program in their needy schools, and he must establish an informational program which seeks full cooperation and compliance with the outreach-expansion requirement. In order for Congress to insure that this mandate is being carried out quickly, we are requiring the Secretary to report back to Congress within 180 days after the enactment of this legislation. At such time we expect that the regulations will have been promulgated and that the informational project will have been fully launched.

This provision is a substantial improvement over legislation that was passed several years ago, also requiring program expansion. That legislation, contained in section 11(e) (1) of the National School Lunch Act, requires States to develop annual plans of operation specifically indicating how, "to the maximum extent practicable," the State and local educational agency will "reach needy children" with the school breakfast program. Those plans must fully detail the specific schools that need the breakfast program and when those schools will implement the program. In short, these plans must be concrete and provide sufficiently detailed information so that every community will have foreknowledge about the date when specific schools will establish the program and so that a detailed action statement—that describes the State and local agencies' efforts to implement such time schedules—is provided to the Agriculture Secretary. These plans of operations, of course, must be implemented.

The legislation now before us strengthens our breakfast program expansion commitment. It demonstrates, once again, the importance that we attach to the breakfast program. I hope that the Agriculture Department and the State agencies share our urgent concern for the seriousness of this matter. The school breakfast program is essential to the growth and development of our country's needy children. The health of our needy children is too important to be jeopardized by administrative delays. I strongly support this bill and I hope we will pass it.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

Mr. DOLE. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass? On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. ROBERT C. BYRD. I announce that the Senator from Indiana (Mr. BAYH), the Senator from Mississippi (Mr. EASTLAND), the Senator from Indiana (Mr. HARTKE), the Senator from Montana (Mr. MANSFIELD), the Senator from Arkansas (Mr. McCLELLAN), the Senator from Montana (Mr. METCALF), the Senator from Rhode Island (Mr. PASTORE), the Senator from Missouri (Mr. SYMINGTON), and the Senator from California (Mr. TUNNEY) are necessarily absent.

I further announce that, if present and voting, the Senator from Rhode Island (Mr. PASTORE), and the Senator from California (Mr. TUNNEY) would each vote "yea."

Mr. GRIFFIN. I announce that the Senator from New Mexico (Mr. DOMENICI), is necessarily absent.

The result was announced—yeas 81, nays 8, as follows:

[Rollcall Vote No. 274 Leg.]

YEAS—81

Abourezk	Glenn	Morgan
Allen	Gravel	Moss
Baker	Hansen	Muskie
Bartlett	Hart, Gary W.	Nelson
Beall	Hart, Philip A.	Nunn
Bellmon	Haskell	Packwood
Bentsen	Hatfield	Pearson
Biden	Hathaway	Pell
Brock	Hollings	Percy
Brooke	Hruska	Proxmire
Buckley	Huddleston	Randolph
Bumpers	Humphrey	Ribicoff
Burdick	Inouye	Roth
Byrd	Jackson	Schweiker
Harry F., Jr.	Javits	Scott, Hugh
Byrd, Robert C.	Johnston	Sparkman
Cannon	Kennedy	Stafford
Case	Laxalt	Stennis
Chiles	Leahy	Stevens
Church	Long	Stevenson
Clark	Magnuson	Stone
Cranston	Mathias	Taft
Culver	McClure	Talmadge
Dole	McGee	Welcker
Eagleton	McGovern	Williams
Fong	McIntyre	Young
Ford	Mondale	
Garn	Montoya	

NAYS—8

Curtis	Helms	Tower
Fannin	Scott	
Goldwater	William L.	
Griffin	Thurmond	

NOT VOTING—10

Bayh	Mansfield	Symington
Domenici	McClellan	Tunney
Eastland	Metcalfe	
Hartke	Pastore	

So the bill (H.R. 4222), as amended, was passed.

Mr. ALLEN. Mr. President, I ask unanimous consent that the Secretary of the Senate be authorized to make technical and clerical corrections in the engrossment of the Senate amendment to H.R. 4222, as passed by the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ALLEN. Mr. President, I move that the Senate insist on its amendment, and request a conference with the House of Representatives thereon, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to, and the Presiding Officer (Mr. STONE) appointed Mr. TALMADGE, Mr. MCGOVERN, Mr. ALLEN, Mr. HUMPHREY, Mr. CLARK, Mr. DOLE, Mr. CURTIS, and Mr. BELLMON conferees on the part of the Senate.

Mr. ALLEN. Mr. President, I move that

the Senate reconsider the vote by which H.R. 4222 was passed.

Mr. ROBERT C. BYRD. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table.

The motion to lay on the table was agreed to.

CONSUMER FRAUD ACT—S. 670

Mr. MOSS. Mr. President, I move to reconsider the vote by which S. 670 was passed in the Senate today.

I move to lay that motion on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table.

The motion to lay on the table was agreed to.

SENATE RESOLUTION 205—DISAPPROVAL OF A DEFERRAL OF BUDGET AUTHORITY FOR YOUTH CONSERVATION CORPS

Mr. ABOUREZK. Mr. President, I have a resolution at the desk which I call up at this time.

The PRESIDING OFFICER. The resolution will be stated.

The legislative clerk read as follows:

Resolved, That the Senate disapproves the deferral of budget authority for the youth conservation corps which was reported to Congress by the Comptroller General of the United States in his letter B-115398 of July 9, 1975, pursuant to section 1015(a) of the Impoundment Control Act of 1974.

Mr. ABOUREZK. Mr. President, I ask unanimous consent that the Senate proceed to its immediate consideration.

The PRESIDING OFFICER. Is there objection?

Mr. ROBERT C. BYRD. Reserving the right to object, Mr. President, and I will not object; I think I can state for the RECORD, however, that taking up this resolution without committee referral is not to be considered as setting a precedent. It is only because of the critical time factor that I have agreed to this procedure in this instance.

There being no objection, the Senate proceeded to consider the resolution.

Mr. ABOUREZK. Mr. President, I am pleased to submit today a resolution disapproving the deferral of funds for the Youth Conservation Corps.

As the Members of the Senate well know, the Youth Conservation Corps is one of the most effective and successful Federal programs. It hires teenagers for summer work on conservation, on forest and public land maintenance, on projects at the Federal, State, and local level.

Knowing of the good work of the YCC and of the job-creating potential badly needed during the long summer of the current recession, the Congress twice appropriated \$10 million new funds, above the past operating level of the Corps, for hiring additional youths this summer to do conservation and rehabilitation jobs.

The first time, the President vetoed the money as part of the emergency employment bill. On June 27, the President signed the continuing resolution,

which again contained the YCC money. Shortly thereafter, the Office of Management and Budget passed the word that the President did not really mean it about the Youth Conservation Corps, and that the money would not be released pending an impoundment decision.

The Youth Conservation Corps is a summer program. The Appropriations Committees in both the Senate and the House confirmed that their intent, as well as what I know was the Senate's intent, is that the money be spent this summer. Any delay is deadly, and effectively thwarts the will of Congress.

Section 1015(a) of the Impoundment Control Act of 1974 specifically deals with "unreported" impoundments, providing that the Comptroller General can declare that a rescission or deferral has taken place in fact, even if the President does not notify the Congress. The Comptroller General's findings have the force of law.

On July 7, I wrote Comptroller General Elmer Staats, explaining that unless the funds were made available in the very near future, the money could not be obligated this summer and would be deferred until next summer, *de facto*.

On July 9, Mr. Staats responded within opinion B-115398. Mr. Staats confirms that a deferral has taken place, and that the Congress can now implement the appropriate provisions of the Impoundment Control Act, which allow an up-or-down vote on Presidential deferrals of budget authority.

Mr. President, time is of the essence. I am confident that if the Senate reaffirms its intention that this money be spent, there is still time this summer to use it in the intended way. But the time is dwindling rapidly. It is not the President or the Congress who will lose if nothing is done; it is the jobless youth, and the Nation's environment.

This is the first time the new budget law has ever been used to declare an unreported deferral. It is an excellent opportunity for the Senate to reaffirm our commitment to a good program. It is also an opportunity to make it clear that the budget reform law means what it says about impoundment. Through "routine" delay, the administration may be able to prevent this appropriation and others from being spent in a timely fashion.

I hope that through prompt action on this antifederal resolution the Senate will enable new initiatives in every State to be taken yet this summer on conservation work. There is still time if we act now.

Mr. President, I ask unanimous consent that three documents be printed in the Record: My letter to Comptroller General Staats and his reply to the Speaker of the House and President of the Senate, and finally a projection of where Youth Conservation Corps money would be spent this summer if it is available. Senators should keep in mind that the deferral only relates to about half of the total summer budget. So far as I know, about half of the sums represented on the chart are already obligated based on past legislation and the continuing resolution.

There being no objection, the documents were ordered to be printed in the Record, as follows:

COMMITTEE ON THE BUDGET,
Washington, D.C., July 7, 1975.

HON. ELMER B. STAATS,
Comptroller General of the United States,
General Accounting Office, Washington,
D.C.

DEAR MR. COMPTROLLER GENERAL: I am writing to ask that you investigate pursuant to Section 1015a of the Impoundment Control Act of 1974, an apparent *de facto* deferral of funds by the President.

The money in question is the \$10 million for the Youth Conservation Corps, passed by the Congress as part of HJ Res 499, the Continuing Resolution, and signed by the President as PL 94-41. This \$10 million was originally part of the Emergency Employment Act, which the President vetoed, and under PL 94-41 is appropriated in addition to other funds which are available to the Youth Conservation Corps under the continuing appropriations provisions.

As the Appendix to the Budget clearly points out, the Youth Conservation Corps is a summer program. If the money is not available during the summer months, it has been effectively deferred until the following summer.

By passing the \$10 million extra appropriation along with public service jobs and other measures which are designed to create employment and stimulate the economy, the Congress unquestionably intended that the money be spent this summer for youth employment in the Youth Conservation Corps.

I understand that unless the funds are available in the very near future, it will be too late to use the money for the Youth Conservation Corps this summer, and that knowing this, the Youth Conservation Corps made the Office of Management and Budget aware of the immediate need soon after the President signed the bill June 27. In response, the OMB informally notified the YCC that the President intended to impound the money and that no plans should be made to spend it this summer.

I believe that this action by the Administration is a deferral as defined by the Impoundment Control Act, since any further delay will make the government unable to

obligate the money for its intended purpose at the intended time. The President has not communicated his intention to defer, rescind or otherwise fail to spend this money in a timely fashion. Therefore, I ask that you make a judgment as called for in Section 1015a that a temporary deferral has occurred; so that Congress can implement the relevant provisions of that Act.

Your prompt cooperation in this matter is very much appreciated.

Sincerely,

JAMES ABOWREK,
U.S. Senate.

COMPTROLLER GENERAL OF THE
UNITED STATES,
Washington, D.C., July 9, 1975.

SPEAKER OF THE HOUSE,
PRESIDENT OF THE SENATE.

This letter reports a deferral of Department of Agriculture and Department of Interior budget authority which should have been, but was not, reported to the Congress as required by the Impoundment Control Act of 1974.

H.J. Res. 499, making continuing appropriations for the fiscal year 1976 was signed by the President as Public Law 94-41 on June 27, 1975. This continuing resolution appropriated for the Youth Conservation rate (\$10,240,000) plus an additional \$10,000,000 which is to remain available through fiscal year 1977. One-half of the \$20,240,000 thus appropriated is available to the Secretary of Agriculture and one-half is available to the Secretary of the Interior.

Officials at OMB told us that they had not yet authorized the Youth Conservation Corps to spend the \$10 million that the continuing resolution added to last year's rate of operations. We were told that an impoundment message involving these funds was being prepared for consideration by the President.

Such a message, if approved by the President, is not expected to be submitted to the Congress until the latter part of July or possibly later. Since the Youth Conservation Corps is a summer program, the Congress may not be able to act in a timely manner on an impoundment message received so late. Such an event would effectively defer use of the funds until next summer.

Section 1015(a) of the Impoundment Control Act requires the Comptroller General to report to the Congress whenever he finds that the President, the Director of the Office of Management and Budget, the head of any department or agency of the United States or any other officer or employee of the United States has ordered, permitted, or approved the establishment of a reserve or deferral of budget authority and the President has failed to transmit a special message with respect to such reserve or deferral. This report is submitted in accordance with the requirement imposed by section 1015(a) and, consequently, has the same effect as if it were a deferral message transmitted by the President.

Sincerely yours,

ELMER B. STAATS,
Comptroller General of the United States.

PROPOSED YCC FUNDING ALLOCATIONS FOR FEDERAL AND STATE PROGRAMS FOR THE SUMMER OF 1975

(In thousands of dollars)

State	Department of Interior	Forest Service	State	Total	State	Department of Interior	Forest Service	State	Total
Alabama	64	160	82	306	Iowa	54		158	210
Alaska	166	89	117	372	Kansas	63		105	168
Arizona	204	232	68	504	Kentucky	77	78	96	253
Arkansas	65	73	55	183	Louisiana	30	113	166	309
California	555	800	240	1,595	Maine	118	9	50	174
Colorado	265	223	50	538	Maryland	132		146	278
Connecticut	17		191	208	Massachusetts	54		260	314
Delaware	25		50	75	Michigan	119	457	162	738
District of Columbia	53		50	103	Minnesota	94	165	88	347
Florida	235	120	144	499	Mississippi	76	76	50	202
Georgia	108	164	100	359	Missouri	131	159	63	353
Hawaii	92		50	142	Montana	118	163	50	331
Idaho	182	187	50	399	Nebraska	55	42	50	147
Illinois	123	247	224	594	Nevada	162	28	50	240
Indiana	99	158	129	386	New Hampshire	31	47	50	128

State	Department of Interior	Forest Service	State	Total	State	Department of Interior	Forest Service	State	Total
New Jersey	72	141	213		Vermont	8	50	50	108
New Mexico	167	214	431		Virginia	86	182	80	348
New York	105	16	308	429	Washington	313	230	50	593
North Carolina	122	174	98	394	West Virginia	64	120	50	234
North Dakota	88	50	50	188	Wisconsin	62	289	50	401
Ohio	99	104	275	478	Wyoming	123	85	50	258
Oklahoma	218	50	268		Virgin Islands	29		50	79
Oregon	277	267	50	594	American Samoa			50	50
Pennsylvania	215	164	335	714	Guam			50	50
Puerto Rico	11	35	50	96	Trust territory			50	50
Rhode Island	17	50	67						
South Carolina	72	101	50	223	Subtotal	6,445	6,445	5,520	18,410
South Dakota	112	46	50	208	Undistributed	695	695	600	1,990
Tennessee	114	123	66	303					
Texas	356	194	175	725	Total or average	7,140	7,140	6,120	20,400
Utah	184	210	50	444					

Mr. ABOUREZK: Mr. President, this resolution of deferral is a result of two different steps. The continuing resolution contains some \$10 million for Youth Conservation Corps summer programs. It is designed to allow the Forest Service to hire young people, college people, other students, to work in the national forests around the country to clean up forests, to thin out the forest stands, and other matters that pertain to forest management.

It is a summer program, as the Senator from West Virginia said, and the time factor is critical. The President let it be known that he intends to withhold the spending of the money for the balance of the summer following the beginning of the new fiscal year. So I obtained an opinion from the Comptroller General as to whether or not this was indeed a deferral or an unreported deferral.

This morning I received the opinion, or rather it was transmitted to the Speaker of the House and the President of the Senate, and the declaration by the Comptroller General was that it was indeed an unreported deferral.

That opinion has the force of law. The next step in the process would have been to report this disapproval resolution through the two committees, the Appropriations Committee and the Budget Committee, but if that process were to take place the summer would be over and there would be no summer program.

That is the reason for this short-circuiting process, and I quite agree with the Senator from West Virginia that it is a special case and ought not to be considered a precedent or a standard practice.

So I am asking the Senate to approve this resolution of disapproval, and I yield to the Senator from West Virginia for some colloquy.

The PRESIDING OFFICER. The Senate will be in order.

Mr. ROBERT C. BYRD. Mr. President, I can appreciate the concern of the distinguished Senator from South Dakota with respect to this matter, and I hold a very sympathetic viewpoint toward the objective he seeks to achieve.

As chairman of the Subcommittee on Appropriations that has this subject matter under its jurisdiction, however, I do not like this method of procedure. That is why I made the statement that I did rather than object to the immediate consideration of the resolution. I wanted to make that statement for the RECORD.

No official word has been received by

my subcommittee that this additional \$10 million can be obligated this summer. But it is my understanding unofficially that the Forest Service believes that \$5 million can be used effectively.

It is the intent of this chairman, at least, to see that all funds be utilized this summer that can be effectively obligated, but not to go beyond that. I am not a proponent, nor is the Senator from South Dakota, of spending money simply to be spending it. I think the taxpayers are entitled to value received for their tax dollars, and it would be my feeling that if the Forest Service can effectively obligate this amount of funds—\$5 million, \$6 million, \$3 million, \$7 million, whatever can be effectively used for this good purpose—then that amount of money and that amount only should be obligated.

Mr. ABOUREZK. Will the Senator yield?

Mr. ROBERT C. BYRD. It is my understanding, as I say unofficially, that the Forest Service believes that \$5 million can be used effectively. The balance of the \$10 million would be available for obligation next summer.

I yield to the Senator.

Mr. ABOUREZK. This is a 2-year program, and whatever money the Forest Service cannot use this year will be carried over to next year. So we are well within the purview of the 2-year appropriation.

Mr. ROBERT C. BYRD. Yes.

Mr. ABOUREZK. I might say one other thing to make sure it is in the legislative history, that what the Senator from West Virginia and I are both concerned about is that they not spend money they cannot spend, but that they maintain the same number of jobs for young people that they had planned at the outset.

In effect, what we are talking about is now a 10-day lag time. Ten days that they did not spend the money and if it be a matter of spending it tomorrow, they should insure that they have hired the same number of people they had programmed. That means it will be somewhat less than the \$10 million.

In effect, if I can use an example, in my home town of Rapid City, S. Dak., in that area in the Forest Service they had programmed some 24 jobs.

Now, my intent is not to say only hire 15 people rather than 24, because they have already programmed and have demonstrated that they can use 24 people to work in the Forest Service around that area in the Black Hills National Forest.

But they will spend somewhat less

than that because of the time limitation. I wanted to make that very clear, that they did not cut down the number of jobs.

Mr. ROBERT C. BYRD. Mr. President, I want to make my position eminently clear, also.

If they can effectively utilize funds to employ 24 persons in that situation, then I think they ought to do it; but if they cannot effectively employ 24 persons in a situation, such as the one that has been stated, then I am not for their throwing money away just to employ people they cannot use.

If they can employ the 24, or whatever the number is, effectively, I think they ought to go ahead and do that because that was the intent of the Congress and I do not think that intent should be frustrated. At the same time I think they should only employ those who can be effectively employed.

Does that meet with the Senator's approval?

Mr. ABOUREZK. Yes. Just so they do not arbitrarily cut the number of people down rather than cut the time limit down.

I yield to the Senator from Oklahoma.

Mr. BELLMON. I thank the distinguished Senator from South Dakota.

Mr. President, the Youth Conservation Corps is a summer program. The program for this summer was planned this spring to be at the level of \$10.4 million, and a program of that size is already underway. It is being funded, as is normal, by appropriations received in fiscal year 1975. Appropriations for this program remain available for one fiscal year beyond the fiscal year in which they are appropriated so that, for example, 1975 funds can be used in June 1975, and also in July and August of 1975, even though we have now entered into a new fiscal year.

Appropriations—both regular and continuing—contained in the 1976 continuing resolution will be used for the summer of 1975 program or will be proposed for rescission by OMB after the full size of the program can be ascertained. The 1976 appropriations were enacted—Public Law 94-41, approved June 27, 1975—one-third of the way through the summer of 1976 program. If this summer's program were to have been expanded in an effective way, these funds would have been immediately available last spring before this program got started.

It is very difficult to expand a program, as has now been anticipated.

It is not now feasible to effectively use

more funds for this summer's program which has run more than a quarter of its course.

Thus, enactment in fiscal year 1976 of these funds prevent their effective use in this summer's program, but they will be available for next summer.

Withholding of 1976 funds, if we are not careful, may have a negative impact on the summer of 1976 program, which will be a year from now; and the Department does propose to come to Congress well in advance of the start of next summer's program to let us know how much funds they really need.

I do not oppose the action of the distinguished Senator from South Dakota, but I felt the record should note that it is very late now to try to expand a program Congress really wanted to double and we should have acted early enough so that the necessary administrative decisions and machinery could have been put into motion.

Mr. ABOUREZK. I ask that the Chair put the question.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution was agreed to.

SOVIET GRAIN PURCHASES

Mr. JACKSON. Mr. President, earlier this week, the staff of the Senate Permanent Subcommittee on Investigations received confirmation from major grain exporters that they are negotiating with the Soviets who wish to buy several million tons of grain, some or all of which could come from this year's American harvest.

We were also told that no major sales have been made to date. This was confirmed by the Department of Agriculture. We know that weather conditions in the Soviet Union will result in a grain harvest that will be 10 to 15 million tons short of what the Russians need. This was confirmed by a U.S. team of agricultural experts who returned recently from the Soviet Union. The placement of such specialists in the Soviet Union was the outgrowth of a recommendation made by the subcommittee after its investigation of the 1972 Russian grain deal.

At the same time, the U.S. harvest is expected to be the greatest in our history.

We do not want large foreign acquisitions of American grain to disrupt our food economy this year. A repeat of the economic impact of the 1972 Soviet grain deal would be catastrophic, given the present economic conditions in the United States.

At the same time, we do not want our farmers to suffer from any arbitrary ban or limit on grain sales to the Soviets. We must assure our farmers of a fair price for their grain harvest without at the same time driving up food prices in this country.

I believe we can maintain a stable food economy and sell our excess grain harvest to foreign nations.

I call upon the major grain exporters to act in the national interest by voluntarily reporting anticipated major grain transactions so that the economic impact

of such deals can be assessed in advance of their consummation.

As a result of the Investigations Subcommittee hearings in July 1973, grain exporters are required to report to the Agriculture Department within 24 hours all grain sales in excess of 100,000 tons. It is in the best interest of our Nation and the exporters themselves to voluntarily report anticipated sales in advance of consummation so that they cannot only help maintain a stable grain market, but also a stable national food economy.

On Tuesday, July 8, I sent telegrams to Bunge Corp., Cargill, Inc., Garnac Grain Co., Inc., Cook Industries, Inc., Continental Grain Co., and Louis Dreyfus Corp. I asked them to supply the Permanent Subcommittee on Investigations with all grain sales made to the Soviet Union or purchased on its behalf within the last 30 days exceeding 100,000 tons as well as all information on sales contemplated or now under negotiation to the Soviet Union or to agents purchasing on behalf of the Soviet Union which exceed 100,000 tons.

The response to this inquiry are due today. But informal interviews with the grain exporters by Senate investigators have already developed not only the information on the pending Soviet grain purchases, but also a spirit of cooperation on the part of the exporters toward the subcommittee.

If this cooperative spirit can be extended to an agreement to voluntarily report anticipated major sales, all of us—the grain exporters, the farmers of our country, its consumers and even the buyers of the grain will be better off for it.

ORDER FOR RECESS

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until the hour of 12 noon tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR CONSIDERATION OF S. RES. 166 TOMORROW

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that after the two leaders or their designees have been recognized tomorrow, the Senate resume consideration of Senate Resolution 166, the New Hampshire election dispute.

The PRESIDING OFFICER. Without objection, it is so ordered.

TIME LIMITATION AGREEMENT— S. 1883

Mr. ROBERT C. BYRD. Mr. President, it was the intention of the leadership to proceed to the consideration of S. 1883, the bill relating to fuel efficiency standards for automobiles, this week, but due to the persuasiveness on the part of the distinguished Republican whip the leadership has decided against that course of action and the measure will not be called up until one day next week.

I ask unanimous consent, with the understanding it will not be called up to-

morrow, that at such time as S. 1883 is called up and made the pending business, there be a time limitation on the bill of 4 hours to be equally divided between Mr. MAGNUSON and Mr. PEARSON; that there be a time limit of 1 hour on any amendment in the first degree; one-half hour on any amendment in the second degree, debatable motion or appeal; and a time limitation of 20 minutes on any point of order that may be referred to the Senate for its discussion; and that the agreement be in the usual form.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR CONSIDERATION OF S. 1849 ON MONDAY, JULY 14, 1975

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on Monday after the first 2 hours under which the order previously entered is to be utilized in connection with Senate Resolution 166, the New Hampshire election dispute, the Senate then proceed to the consideration of the bill S. 1849, the energy allocation extension, on which a time agreement was entered into earlier this week, it having been the understanding at that time that Mr. FANNIN would be able to return by Monday.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, I think that measure may take the better part of 2 days, so it would be the intention of the leadership, upon the disposition of that measure, to take up the bill S. 1883.

I will not ask unanimous consent at this time to do that. It will be the intention of the leadership to attempt to do that when that time is reached.

ORDER FOR RECOGNITION OF SENATOR SYMINGTON ON TUESDAY, JULY 15, 1975

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that on next Tuesday, after the two leaders or their designees have been recognized under the standing order, Mr. SYMINGTON be recognized for not to exceed 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECESS FROM TOMORROW UNTIL MONDAY, JULY 14, 1975

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that when the Senate completes its business tomorrow it stand in recess until the hour of 10 a.m. on Monday.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS

Mr. ROBERT C. BYRD. Mr. President, if there be no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in recess until the hour of 12 noon tomorrow.

The motion was agreed to; and at 6:50 p.m. the Senate recessed until Friday, July 11, 1975, at 12 noon.

RESOLUTIONS DISAPPROVING DEFERRAL OF BUDGET
AUTHORITY

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

DEPARTMENT OF AGRICULTURE

DEPARTMENT OF THE INTERIOR

MARCH 4, 1976.—Ordered to be printed

Mr. ROBERT C. BYRD and Mr. STEVENS, from the Committee on
Appropriations, submitted the following

REPORT

[To accompany S. Res. 366, S. Res. 385, and S. Res. 388]

together with

VIEWS

of the Committee on the Budget

The Committee on Appropriations, to which was referred the resolutions (S. Res. 366, S. Res. 385, and S. Res. 388) disapproving the proposed deferral of budget authority for Indian health facilities, Youth Conservation Corps activities, and public school construction on or near Indian reservations, reports the same to the Senate with the recommendation that the resolutions be passed, with amendments to S. Res. 366, and presents herewith information relative to the resolutions, together with the views of the Committee on the Budget to which the resolutions were also referred.

SUMMARY

All three resolutions deal with additional funds appropriated by the Congress on the recommendation of the Committee with passage of the Department of the Interior and Related Agencies Appropria-

tions Act for fiscal year 1976. Budget authority that would be released for obligation on the approval of these resolutions totals \$49,469,000. This is less than the total reduction of \$72,537,000 made by the Congress in the overall Appropriations Act. All three programs involved in the resolutions are well within authorization ceilings and are deemed by the Committee to be essential programs that should not be delayed. The Committee does not consider the Administration's rationale for the proposed deferrals to be sufficient to warrant any further delays in the obligational programs.

Details of the Committee's recommendations for each resolution follow:

Senate Resolution 366

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

HEALTH SERVICES ADMINISTRATION

INDIAN HEALTH FACILITIES

Deferral No.: D76-97 and D76-39 *Date proposed:* January 23, 1976 and July 26, 1975

Available new budget authority-----	\$55,366,000
Available other budget authority-----	4,190,000
Proposed deferral for part of year-----	
Proposed deferral for entire year-----	14,908,000

Presidential rationale for proposed deferral: The amount proposed for deferral provides only partial funding for seven construction projects, and "The process of orderly planning . . . requires that the total amount of estimated construction funds be made available before construction is initiated"

Committee recommendation and rationale:

The Committee recommends approval of Senate Resolution 366, rejecting the deferral of \$13,908,000 in fiscal year 1976 appropriations for construction of Indian hospitals and related health facilities. Additionally, the Committee recommends the disapproval of a prior deferral of \$1,000,000 (D76-39) that is directly related to the construction program covered by S. Res. 366.

The Department has long maintained a policy that requires the appropriation of total estimated construction funds before any given project can be initiated. The Committee, confronted with an alarming backlog in needed Indian health facilities, rejected this policy when it recommended funding for phased construction for seven facilities. Phased construction funding is a common practice in the development of Federal facilities and permits simultaneous construction to proceed without undue delays. Without this approach for Indian health facilities, many needed hospitals would be left on the drawing boards for five years or more, and the ultimate costs would be greatly increased.

The construction schedule for these facilities considered by the Committee in making its recommendations is detailed below:

Health facility	Previous funding	1976 appropriation	1977 phase	Balance to complete
Acoma, N. Mex.-----	\$1,340,000	\$2,900,000	\$3,300,000	\$700,000
Santa Fe, N. Mex.-----	170,000	4,600,000	5,000,000	1,100,000
Bethel, Alaska-----	600,000	1,500,000	16,000,000	22,800,000
Ada, Okla.-----		800,000	6,400,000	9,400,000
Cherokee, N.C.-----		500,000	2,800,000	4,900,000
Red Lake, Minn.-----		450,000	3,200,000	4,600,000
Lummi, Wash.-----		1,000,000	500,000	

* Includes \$1,000,000 in deferral message D76-39.

It should be noted that the Administration's deferral proposal also involved \$2,158,000 for a health clinic at Menominee, Wis., and for clinic personnel quarters at Rocky Boy and Lame Deer, Mont., which would complete construction. The deferral message was silent on the reasons for delaying this funding.

In the absence of a fiscal year 1977 Administration budget request to fund six of the seven facilities listed above, rejection of this deferral will make it incumbent upon Congress to provide additional funding for second-phase construction if these projects are to proceed in an orderly manner.

While taking a firm position against phased project funding in its deferral message, the Administration has concurrently submitted a fiscal year 1977 budget request for Indian health facilities that proposes phased funding for the Santa Fe Hospital, one of those proposed for deferral in fiscal year 1976. The Committee intends to discuss this inconsistency with the Department at its pending budget hearings for the Indian Health Service.

Another inconsistency in the D76-97 deferral message involved the proposed deferral period. The message listed the proposal as a part-year deferral, but the justification stated the funds were proposed for deferral for the full fiscal year and budget transition quarter ending September 30, 1976. The Committee feels the intent is full-year deferral and has identified it accordingly.

Senate Resolution 385

DEPARTMENT OF AGRICULTURE

FOREST SERVICE

YOUTH CONSERVATION CORPS

Deferral No.: D76-101 *Date proposed:* February 6, 1976

Available new budget authority-----	\$35,000,000
Available other budget authority-----	4,408,000
Proposed deferral for part of year-----	
Proposed deferral for entire year-----	23,680,000

* Includes \$3 million obligated in calendar year 1975.
* Obligated in calendar year 1975.

Presidential rationale for proposed deferral: Deferral is to "maintain a steady program level" consistent with overall Federal spending constraints

Committee recommendation and rationale:

The Committee recommends approval of Senate Resolution 385 to reject the deferral of \$23,680,000, the additional amount appropriated by the Congress to expand the Youth Conservation Corps program in the 1976 fiscal year.

Under the Administration proposal, total available funds for this program to provide natural resource conservation jobs for youths would be spread over two years, making some \$16 million available for each of the summer seasons of 1976 and 1977. The effect of this proposal would be to reduce employment opportunities for about 14,800 youths in the summer of 1976 below the levels anticipated when the Congress approved increased appropriations.

Mindful that this successful program has been consistently funded well below authorized levels, the Committee recommended increased appropriations only after ascertaining that the additional amounts could be affectively obligated by the Departments of Agriculture and Interior, which jointly administers the YCC program. In the Committee's judgment, the anti-inflation benefits of spending constraints in this program are far outweighed by the job-producing, productive work that can be accomplished in the Nation's forests, parks and public lands.¹

No request for new budget authority has been submitted by the President for fiscal year 1977. It should be noted, then, that disapproval of this proposed deferral will make it incumbent on the Congress to approve additional appropriations in fiscal year 1977 if a consistent program level is to be maintained.

Senate Resolution 388

DEPARTMENT OF THE INTERIOR

BUREAU OF INDIAN AFFAIRS

CONSTRUCTION

<i>Deferral No.:</i> D76-103	<i>Date proposed:</i> February 6, 1975
Available new budget authority-----	\$73,922,000
Available other budget authority-----	44,488,000
Proposed deferral for part of year-----	
Proposed deferral for entire year-----	10,881,000

Presidential rationale for proposed deferral: Delay in obligation needed to permit development of policies and criteria and to avoid duplication of services by other Federal agencies.

Committee recommendation and rationale:

The Committee recommends approval of Senate Resolution 388 to reject the deferral of \$10,881,000 appropriated to implement the program of construction assistance to public schools serving

¹ Also see House Doc. 94-392 for GAO review of deferral impact.

Indian reservations. As authorized in Public Law 93-638, this program is specifically designed to supplement school construction assistance in Federally impacted areas under P.L. 815. There is no danger of duplication since these funds are to be granted to schools on the basis of priorities established by the Office of Education, Department of Health, Education and Welfare, which administers P.L. 815 grants. Criteria and guidelines were spelled out clearly in P.L. 93-638, and the selection system and administrative machinery for this grant program are already in place.

The funds proposed for deferral were appropriated on the basis of the Committee's recommendations in two separate appropriations acts. These recommendations were developed after hearings that brought out a clear and urgent need to provide additional school construction assistance despite the failure of the Administration to submit budget estimates to implement this new program. Schools targeted for this assistance are in deplorable condition and cannot provide acceptable education and training to the Indian youngsters who attend them. Assistance available under P.L. 815 alone is clearly inadequate to meet the urgent needs of these schools.

Because of changing conditions that may have occurred since these funds were first approved by Congress, the Committee recognizes that the needs of schools it originally designated for construction grants may have been altered. Accordingly, the Committee directs the Bureau of Indian Affairs to submit promptly for Committee approval a reprogramming proposal that will conform to the current priority list maintained by the Office of Education.

VIEWS OF THE COMMITTEE ON THE BUDGET

SENATE RESOLUTION 366

The Senate Committee on the Budget, to which was referred a resolution (S. Res. 366) disapproving the proposed deferral of budget authority (D76-97) for Indian health facilities set forth in the special message transmitted by the President to Congress on January 23, 1976, under section 1013 of the Impoundment Control Act of 1974, having considered the same, reports favorably thereon and recommends that the resolution be passed.

Provision of adequate Indian health facilities is a significant national priority. The funds subject to this impoundment were appropriated consistent with this budget priority.

The Committee notes that the construction of certain of the projects subject to this deferral has been appropriated for on a phased-funded basis. The Committee recommends that, in each of these cases, if construction is to be undertaken, the full amount of budget authority necessary to complete the construction be allocated in the second year, in accordance with normal procedures for small-scale construction projects. The Committee believes that continued phased funding of these projects may create a precedent whereby the effective commitment of the budget authority for future years is made upon the approval of an initial funding level which does not reflect this commitment. The Committee believes that the phased funding approach may also result in otherwise avoidable cost increases.

(7)

SENATE RESOLUTION 385

The Senate Committee on the Budget, to which was referred a resolution (S. Res. 385) disapproving the proposed deferral of budget authority (D76-101) for the Youth Conservation Corps set forth in the special message transmitted by the President to Congress on February 6, 1976, under section 1013 of the Impoundment Control Act of 1974, having considered the same, reports favorably thereon and recommends that the resolution be passed.

The Committee notes that employment is a major national and congressional priority. The Committee further notes that unemployment among youths aged 16 to 19, who would be eligible for the employment provided by the Youth Conservation Corps program, is 19.9 percent, 12.1 percent above the national average. Congress clearly intended to make the budget authority which has been impounded in this case available for the 1976 summer program. The effect of this impoundment will be to cut the 1976 summer program in half and further reduce the program in the summer of 1977 through the attrition of foreseeable inflation.

The Committee believes that the intent of Congress in appropriating these funds to reduce unemployment should be upheld.

INDIVIDUAL VIEWS OF MR. BUCKLEY

In one sense, I seriously regret seeing funds deferred for a youth employment program in conservation, given both the high teenage unemployment rate and the real needs in the field of conservation. However, the Youth Conservation Corps is in fact open to question.

As a response to need, it is without a needs test; as an employment program, it spends \$200 for a 30-hour week, only some \$66 being for actual wages; and as a program in conservation, the similarly motivated conservation program of the Job Corps performs its task at a lower per person cost.

These factors certainly raise the question of our priorities in both employment and natural resources. I believe that the President has acted within the proper scope of administrative flexibility to keep the YCC at its present level. Such an action would allow us to give the YCC the needed review in comparison with other programs in order to insure that our priorities are well ordered.

(9)

SENATE BUDGET COMMITTEE STAFF

IMPOUNDMENT MEMORANDUM

Subject: S. Res. 385, Youth Conservation Corps Deferral (D76-101).

On February 6, President Ford announced impoundment of \$23.7 million in 1976 funds for the Youth Conservation Corps, a summer jobs program for youths 15 to 18 years of age. On the same day Senator Abourezk (Senators Jackson and Magnuson cosponsors) submitted S. Res. 385 disapproving this deferral. The resolution was referred to the Committees on the Budget, Appropriations, and Labor/Public Welfare.

In 1974, Congress enacted legislation making permanent the Youth Conservation Corps (YCC), with an annual authorization of \$60 million. Originally established in 1970 as a pilot project, the YCC employs young men and women to work for eight weeks on conservation resource projects during the summer months. The program's objectives are to provide gainful employment, to develop and maintain our natural resources, and to enable youths to understand and appreciate the Nation's natural heritage. The YCC is administered jointly by the Departments of Agriculture and the Interior. Over 12,000 youths were employed by the YCC last summer. Since 1970 the program has put 31,000 young men and women to work.

The 1976 Interior and Related Agencies appropriations bill provided \$25 million for the YCC program, and the Continuing Resolution provided an additional appropriation of \$10 million, for a total of \$35 million available for obligation during 1976. Of this \$35 million, \$3 million was obligated almost immediately at the beginning of 1976 in time to cover expenses for the summer of calendar 1975. The total amount obligated last summer was \$13 million (\$3 million in 1976 funds and \$10 million in 1975 funds). (But for the impoundment, \$20 million would have been obligated in the summer of 1975, \$10 million carried over from fiscal year 1975, and the additional \$10 million provided by the Continuing Appropriation.)

Hence, \$32 million remains to be obligated in 1976--all available and intended to finance the 1976 summer program. The Administration proposes to defer \$23.7 million of this. \$7.7 million will be deferred until the transition quarter. \$16.0 million will be deferred until 1977. If permitted to stand, the deferral will reduce the 1976 summer program to \$16 million--one half the level contemplated by Congress. The other half of the 1976 summer money would, under the deferral, be carried over to next summer.

The Administration believes the deferral is consistent with the overall policy of controlling inflation by restraining federal spending while continuing to undertake more comprehensive employment assistance. Although the Administration states the funds are being deferred in order to maintain a steady program level throughout 1976, the transition quarter, and 1977, the actual effect of the impoundment is to cut this summer's program in half.

If the proposed deferral is disapproved, funds sufficient to employ 20,000 youths would be available for obligation in the summer of 1976. This is twice the number of jobs that would be available were the deferral allowed to stand.

A Prior Senate Disapproval - Eight months ago the Senate overturned another YCC deferral. On July 10, 1975 by voice vote the Senate adopted an impoundment resolution introduced by Senator Abourezk disapproving the summer of 1975 deferral of \$10 million for the Youth Conservation Corps.

Second Concurrent Resolution - The YCC is in function 300, Natural Resources, Environment, and Energy. Disapproval of the deferral would result in additional funds being obligated in 1976, but such funding would be consistent with the Second Concurrent Resolution.

Staff Recommendation - The staff recommends that the proposed deferral be disapproved, because:

1. Employment is a major national and Congressional budget priority. Unemployment among youths aged 16 to 19 is 19.9 percent, 12.1 percent above the national average. The YCC is a program that will reduce this unemployment. The effect of the deferral will be to cut the 1976 summer program in half and further reduce the YCC program in the summer of 1977 because the constant level of \$16 million will in fact be cut into by inflation.
2. The jobs undertaken by the YCC are useful ones, particularly so as our public lands are in great need of maintenance and repair.
3. This impoundment affronts the Congressional budget process. The Congressional intent regarding the YCC is clear--that all \$32 million of 1976 funds be obligated for the summer of 1976. Yet the Executive Branch insists on reducing the level of funds provided by the House and Senate. The impoundment procedure ought not to be employed to block the clearly expressed intent of Congress.

TO THE CONGRESS OF THE UNITED STATES:

In accordance with the Impoundment Control Act of 1974, I herewith report three new deferrals of budget authority and revisions to a rescission proposal and four deferrals previously transmitted.

New estimates increase by \$2 million the amounts associated with my earlier proposal to rescind the uncommitted balances of the Rehabilitation Loan Fund administered by the Department of Housing and Urban Development. Other reestimates cause a net reduction of \$8.7 million in deferrals previously reported for the General Services Administration and the Departments of Agriculture and Interior. The new deferrals total \$37.6 million in budget authority which would be used beyond 1976 to fund three programs of the Departments of Agriculture and Interior.

The details of the revised rescission and the revised and new deferrals are contained in the attached reports.

GERALD R. FORD

THE WHITE HOUSE,

FEB 6 - 1976

SUMMARY OF PROPOSED RESCISSIONS
AND DEFERRALS

(In thousands of dollars)

<u>Rescis- sion #</u>	<u>Item</u>	<u>Budget Authority</u>
	Housing and Urban Development:	
	Community planning and development	
R76-28A	Rehabilitation loan fund.....	62,670
	Subtotal, rescissions.....	62,670
 <u>Defer- ral #</u>		
	Agriculture:	
	Forest Service	
D76-101	Youth conservation corps.....	23,680
D76-38A	Licensee programs.....	153
	Interior:	
	Bureau of Land Management	
D76-12A	Public lands development roads and trails.....	16,100
D76-102	Oregon and California grant lands.	3,016
	Bureau of Indian Affairs:	
D76-103	Construction.....	10,881
D76-20A	Road construction.....	69,339
	General Services Administration:	
D76-48A	Rare silver dollar program.....	1,850
	Subtotal, deferrals.....	125,019
	Total, rescissions and deferrals....	187,689

DEFERRAL OF BUDGET AUTHORITY
Report Pursuant to Section 1013 of P.L. 93-344

Agency <u>Department of Agriculture</u> Bureau _____ Appropriation title & symbol <u>Youth Conservation Corps</u> <u>Forest Service</u> <u>125/61125</u> <u>126/71125</u>	New budget authority \$ <u>35,000,000</u> (P.L. <u>94-165</u> & <u>94-41</u>) Other budgetary resources <u>4,408,000</u> Total budgetary resources <u>39,408,000</u>
OMB identification code: <u>05-96-1125-0-1-302</u>	Amount to be deferred: Part of year \$ _____ Entire year <u>23,680,000</u>
Grant program <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	Legal authority (in addition to sec. 1013): <input type="checkbox"/> Antideficiency Act <input type="checkbox"/> Other _____
Type of account or fund: <input type="checkbox"/> Annual <input checked="" type="checkbox"/> Multiple-year <u>FY following FY for</u> <u>which appropriated</u> <u>(expiration date)</u> <input type="checkbox"/> No-year	Type of budget authority: <input checked="" type="checkbox"/> Appropriation <input type="checkbox"/> Contract authority <input type="checkbox"/> Other _____

Justification:

This program, administered jointly between the Departments of Agriculture and Interior, employs youths aged 15 through 18 to work in forests, parks, and Indian reservations. Participants receive a salary, usually live in camps, and divide their time between environmental education and work projects.

The Department of the Interior and Related Agencies Appropriation Act for fiscal year 1976 and the transition quarter (P.L. 94-165) includes \$25,000,000 for the YCC program. In addition, the Continuing Resolution (P.L. 94-41) provided a direct appropriation of \$10,000,000. These amounts along with an unobligated balance of \$4,408,000 provide the total budgetary resources of \$39,408,000—almost three times the amount available in 1975.

Funds are being deferred to maintain a steady program level throughout 1976, the transition quarter, and 1977. The amount now being deferred is consistent with overall restraint proposed for Federal spending to help control inflation while continuing to undertake more comprehensive employment assistance. These funds are proposed for deferral through June 30, 1976, and if appropriate legislation is enacted, \$16 million is proposed to be deferred through September 30, 1976.

The 1977 budget proposes no new funding for this program in 1977. The program would be continued in 1977 at the 1976 level by the use of the deferred funds.

Estimated Effects:

The major impact would be to reduce potential employment by approximately 14,800 youths for an average of eight weeks each. Utilization of the deferred funds in the transition quarter and fiscal year 1977 would, however, provide for the continuation of the program with the hiring of approximately 14,800 youths for an average of eight weeks each.

Outlay Effects:

Comparison with the President's 1977 Budget:

1. Budget outlay estimate for fiscal year 1976.....	\$15.5
2. Outlay savings, if any, included in the budget outlay estimate.....	9.0

Current outlay estimates for 1976:

3. Without deferral.....	24.5
4. With deferral.....	15.5
5. Current outlay savings (line 3 - line 4).....	9.0

Outlay savings for Transition Quarter.....	5.3
Outlay savings for fiscal year 1977.....	-0-
Outlay savings for fiscal year 1978.....	-0-

CONGRESSIONAL BUDGET OFFICE

DEFERRAL MEMORANDUM

Agency: Department of Agriculture

Bureau:

Appropriation title and symbol (program):

Youth Conservation Corps, Forest Service 125/61125, 126/71125

Amount proposed for: Rescission X Deferral \$ 23,680,000

Type of account: Annual

<u>X</u> Multiple-year	<u>FY following FY for which appropriated</u> (expiration date)

PROGRAM BACKGROUND

The purpose of the Youth Conservation Corps (YCC) program is to provide employment in the summer to youths ages 15-18 in forest, parks and Indian reservations, and to further the development and maintenance of natural resources by the youth.

ADMINISTRATION JUSTIFICATION

The Administration is proposing the deferral so as to hold the cost of the next summer's program to \$16 million. Their plan of deferring \$23,680,000 to the transition quarter, and deferring \$16 million to FY 1977 is to hold the following summer's program to \$16 million also, assuming no new funding is authorized for FY 77.

CBO ANALYSIS

Of the \$39,408,000 total available for FY 76, approximately \$7,408,000 has already been spent on last summer's program, leaving \$32 million for this summer. According to the Department, they will be able to fully obligate the \$32 million if, by March 10, they are assured that they will be able to obligate the full amount. If there is a delay in the decision until April 1, they will only be able to obligate approximately \$27 million for this summer's program. Holding the level to \$16 million will mean a slight increase over the number of participants from last summer's program; \$32 million will double the number of participants.



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

February 27, 1976

B-115398

Speaker of the House
President of the Senate

We were furnished copies of deferrals and proposed rescissions which the President submitted to the Congress on February 6, in his 11th special message for fiscal year 1976 pursuant to the Impoundment Control Act of 1974. The special message transmits one revised rescission proposal, three new deferrals, and four revised deferrals. The President estimates that the impoundments will reduce fiscal year 1976 outlays by \$9.5 million--the Department of Agriculture \$9 million and the Department of Interior \$.5 million.

The Impoundment Control Act requires us to review each message and report promptly to the House and Senate as to the facts surrounding each action, including the probable effect thereof and, in the case of deferrals, to render a judgment as to whether the action is in accordance with existing legal authority. We are also required to notify the Congress if supplementary information revising earlier messages necessitates changes in the original reports submitted by GAO. Our comments on each impoundment transmitted by the President's 11th special message are enclosed.

We call your attention to the information furnished the Congress regarding the Youth Conservation Corps (D76-101). As the message is now, it would be possible to conclude that \$15.7 million is available for use instead of \$8.3 million which is actually available (see page one of the enclosure).

Sincerely yours,

A handwritten signature in dark ink, appearing to read "James B. Atchafalua", is written over the typed name.

Comptroller General
of the United States

Enclosure

ACG-76-18

ENCLOSURE

COMMENTS ON THE 11TH FY 1976 SPECIAL MESSAGE
TRANSMITTED BY THE PRESIDENT ON FEBRUARY 6, 1976
PURSUANT TO THE IMPOUNDMENT CONTROL ACT OF 1974

DEPARTMENT OF AGRICULTURE

D76-101 Youth Conservation Corps
Forest Service
125/61125
126/71125

The information furnished the Congress in the above message is incomplete and could be misleading. The message shows total budgetary resources as \$39.4 million, however the actual resources available for the program should total \$32 million. As the message is now, it would be possible to conclude that \$15.7 million (\$39.4 million less the proposed deferral \$23.7) is available for use instead of \$8.3 million actually available (\$32 million less deferral \$23.7). The following schedule more clearly shows the reasons for the differences.

COMPARISON OF BUDGET AUTHORITY--D76-101

(dollars in millions)

Source of Budget Authority (BA)	Amounts from D76-101	Actual
P.L. 94-165	\$25.0	\$25.0
P.L. 94-41	10.0	7.0 available for cal- endar year (CY) 76
		[3.0] forced release for CY 75 a/
Other BA	4.4	[4.4] released for CY 75
TOTAL BA FOR CY 76	\$39.4	\$32.0

Deferred for:

CY 77	16.0	16.0
CY 76	7.7	7.7

Total deferred	\$23.7	\$23.7
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BA immediately available for CY 76	\$15.7	\$ 8.3
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a/ This was the subject of a GAO disclosure of an unreported deferral in July 1976 which was rejected by the Senate in July, hence a forced release of these funds.

According to available agency records, the \$32 million available is to be used equally--\$16 million in 1976 and \$16 million in 1977. The bulk of the Youth Conservation Corps (YCC) budget authority is used during the summer months of July, August, and September. The current deferral message, however, if accepted, will defer until June 30

almost half (\$7.7 million) of the budget authority to be used this summer. Program officials estimate that unless the funds are made available by early March, they will have difficulty in fully and efficiently utilizing the budget authority for this summer.

The Youth Conservation Corps has repeatedly been the subject of impoundment actions which, according to program officials, is having a serious impact on program execution. For example, YCC had been planning a \$27 million program for this summer and, based on this estimate, the States had developed expansion plans which in some cases included State appropriations for cost sharing. States were required to submit their grant applications by January 1, 1976. The Administration on January 8, notwithstanding YCC officials' objections, decided to defer budget authority and cut the 1976 summer program to the \$16 million level. Program officials inform us that if program funds are deferred as proposed, some States will probably drop the program because of the small amount of funds they would receive.

The President's message contains the statement that FY 76 budget resources are "almost three times the amount available in [FY] 1975." This statement does not take into consideration the following factors:

--\$7.4 million claimed as resources still available for FY 76 was, in fact, spent for the CY 1975 program.

--due to the change of the fiscal year, calendar year 1975 and 1976 summer programs will be in FY 1976 and transition which ends on September 30, 1976.

--increased Administrative expenses and 10 percent inflation factor.

This deferral is authorized by the Impoundment Control Act and the authority exists until either House of the Congress passes a resolution disapproving the action or until the end of the fiscal year.

DEPARTMENT OF THE INTERIOR

D76-102 Land Management
Oregon and California Grant Lands
14X5136

D76-103 Bureau of Indian Affairs
Construction
14X2301

The information provided in the above messages is essentially correct and the actions being taken are reasonably clear. For D76-103, the study, mentioned in the message, to develop the necessary criteria and policies is estimated to be completed in June 1976.

D76-102 is in accordance with the authority conferred by the Antideficiency Act (31 U.S.C. 665). D76-103 is authorized by the Impoundment Control Act. In our opinion, it could have been authorized by the Antideficiency Act. The